

The impact of liquidity, solvency, profitability and activity on the value of food and beverage manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2023 period

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Abstract

A company is established with the aim of obtaining maximum profit and to increase the value of the company. The value of the company plays an important role in maximizing the welfare of shareholders. One of the factors that affect the value of the company is the financial ratio such as profitability, liquidity, solvency, and activity. This study was conducted with the aim of determining whether the current ratio, return on equity, debt on equity and asset turnover affect the price book value of food and beverage companies listed on the Indonesia Stock Exchange for 2019-2023 period. The data used in this study are secondary data obtained from company's annual financial report for the period of 2019-2023. The number of samples used in this study was 95 samples and selected using purposive sampling technique. The analysis method used is the multiple linear regression analysis method using SPSS 23. The results indicate that the current ratio, debt on equity and turn asset turnover did not affect the value of the company in the food and beverage industry sector listed on the Indonesia Stock Exchange for the period of 2019-2023. Meanwhile, return on equity showed a positive and significant influence on company value in the food and beverage industry sector listed on the Indonesia Stock Exchange for the 2019-2023 period.

Keywords: current ratio, return on equity, debt on equity, turn asset turnover and price book value.

INTRODUCTION

Rapid progress in the industry, along with the development of technology and information, creates tight competition, encouraging companies to continue to improve performance and innovation. To attract investors, many companies choose to go public on the Indonesia Stock Exchange (IDX), which allows them to obtain the funds needed to develop products and expand market reach. Thus, the ability to adapt and innovate becomes a key factor for companies to remain competitive in the market.

The food and beverage sector in Indonesia is considered one of the mature and stable industries. For example, PT Indofood CBP Sukses Makmur Tbk (ICBP) recorded IDR 4.32 trillion of profit in Q1 2023, IDR 1.96 trillion of which came from financial revenue. In the first quarter of 2022, PT Indofood CBP Sukses Makmur Tbk (ICBP) also recorded impressive sales of IDR 17.18 trillion. Changes in lifestyle in urban centers, where many people work as employees with limited time to cook their own food, have increased interest in buying practical food and beverage products. This creates opportunities for companies to present innovations in products that suit consumer needs. According to data from the Ministry of Industry (KEMENPERIN), the food and beverage industry is one of the important sectors that supports the performance of the non-oil and gas processing industry. The first quarter of 2022 shows that the food and beverage industry contribute more than a third or 37.77% of the gross domestic product (GDP) of the non-oil and gas processing industry. The food and beverage sector has promising prospects with share prices that tend to be stable, making investors interested in investing their capital in this industrial sector. This sector has shown good

resilience to various crises, especially the economic crisis, because food and beverages are basic needs of the community. Promising prospects and stable stock prices are increasingly attractive to investors; hence, this sector is expected to continue to grow and contribute significantly to Indonesia's economic growth.

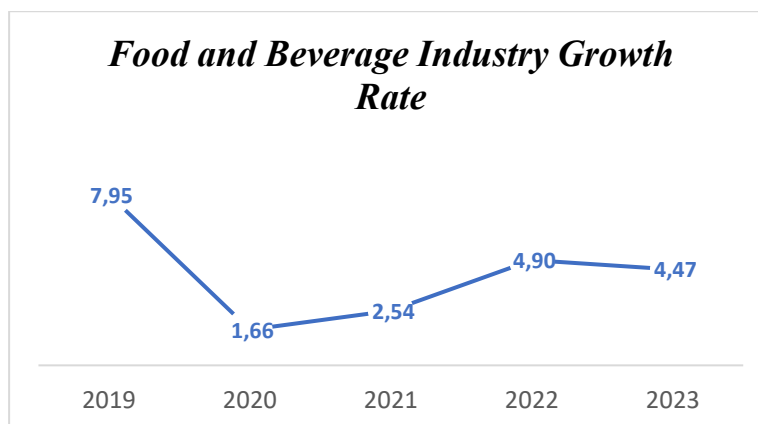


Figure 1. Food and Beverage Industry Growth Rate 2019-2023
(Source: Central Statistics Agency, 2024)

Data shows that the food and beverage industry sector in Indonesia has experienced stable growth despite the weakening economy due to the COVID-19 pandemic. In 2020, this sector recorded the fourth highest growth among non-oil and gas processing industries with a value of 1.66%, after the chemical, pharmaceutical, and traditional medicine industries. This shows that the food and beverage sector is still able to survive amid the economic crisis. However, there is also a negative phenomenon, namely the fluctuation of the growth rate of this sector which is seen from the annual average changes that go up and down. This fluctuation can have an impact on the company's performance, where a decrease in the company's value can harm the image in the eyes of investors. Conversely, good performance can increase the company's value.

A company is established with the aim of gaining maximum profit by using existing resources and trying to improve its business performance. Another goal is to increase the value of the company. The value of the company plays an important role in maximizing the welfare of shareholders (Lase et al., 2019). One measure of company performance is profitability, which shows how effective the company is in making a profit over a certain period. Another factor that affects company value is liquidity. A high level of liquidity indicates that a company is in good condition so that it will increase demand for shares and can increase the selling price of shares (Putri et al., 2019). The next factor that affects company value is solvency, which is a financial ratio used to assess a company's ability to meet its obligations, both short-term and long-term. Company value is further influenced by the activity ratio, this ratio is also called the efficiency ratio which is used to measure the efficiency of the company in using its assets.

Previous studies have investigated the relationship between profitability, liquidity, solvency, and activity on company value, however the findings are still inconclusive and there is still a gap. Research conducted by Komala et al. (2021) and Tio & Putra Prima (2022) showed that profitability has a significant and positive effect on company value, while research conducted by Thoha et al. (2022) showed that profitability results have no effect on company value. A study by Putra and Lestari (2016) and Silvia (2018) show that liquidity has a positive and significant effect on company value, but Thoha et al. (2022) found that liquidity has a negative effect on company value. Furthermore, research by Silvia (2018) and Idris (2021) showed that solvency results had a positive effect on company value, but different research results were found by Komala et al. (2021) who stated that solvency had no effect on company value.

The inconsistency of previous research has led the author to investigate the effect of liquidity, solvency, profitability, and activity on company value. The novelty in this study is by using the latest

period, which is from 2019 to 2023 with food and beverage sector companies listed on the Indonesia Stock Exchange as the research object.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The theoretical foundation used in this research is the signaling theory proposed by Spence (1973), which explains that by providing a signal, the information owner attempts to convey information that can be used by the recipient. Signaling theory is related to a company's value, and discussions of stock price fluctuations in the capital market can be explained using this theory. In this research, signaling theory explains how the company's management acts as the sender of signals to investors regarding liquidity, solvency, profitability, and activity. Investors need this information as it provides an overview or record of the company's current or future condition (Guthrie et al., 2004).

Another theoretical foundation used in this study is the agency theory proposed by Jensen and Meckling (1976). Agency theory states that the agency relationship arises due to a contract between the owner (principal) and the manager (agent). Another definition explains that agency theory describes the working relationship between shareholders as the principal and management as the agent in a company.

According to Andy and Jonnardi (2020), a liquidity is a ratio used to assess a company's ability to meet short-term obligations that must be paid immediately, this ratio is also called the working capital ratio. Investors will trust liquid companies because they are considered to have good performance. This is because a liquid company means having sufficient internal funds so that it can allocate its internal funds as investment funds and then raise funds through external loan funds. Loans from external parties will support operational activities and maintain business continuity. External funding sources can come from creditor loans or non-financial institutions, banks, and investors.

This liquidity ratio is closely related to the company's ability to improve its financial reporting performance. A company's financial performance is said to be poor if the company's current ratio value has not reached the standard, this can happen because the company's current debt is too high compared to the company's cash and cash equivalents.

Meanwhile, Amalia and Wahidahwati (2021) found that solvency is defined as the extent to which a company can pay off its obligations, both long-term debt and short-term debt, which are used for operational purposes or to invest funds. The solvency ratio can also be used to determine the extent to which a company's assets are financed by debt (Kusumawati et al., 2022). Meanwhile, according to Desriyunia et al., (2023) the purposes of the solvency ratio are to assess the company's ability to fulfill its obligations to other parties, to meet its fixed obligations, the balance between the value of assets, especially fixed assets, and capital and to assess how much of a company's assets are financed by debt.

Profitability is the company's ability to use working capital to generate profit. By having profit, the company will not experience difficulties in paying short-term debts or long-term debts (Iman et al., 2021). One of the purposes of establishing a company is to seek profit. Profit is the level of net profit that a company can achieve when carrying out its operational activities and investments made by the company. The profitability ratio is a measuring tool that can be used to measure the level of effectiveness of management performance in achieving maximum profit for the company. The higher the profitability ratio value, the higher the company's ability to generate profits and will increase the company's profitability. A company can show whether its prospects are good or bad based on its ability to generate profits. Company profits can be optimized when financial managers understand that there are several factors that affect the level of profitability in a company, these factors are debt management, cost management and asset management (Bintara, 2020).

Activity ratio is a ratio used to measure the level of efficiency of a company in generating sales using its assets. This activity ratio is influenced by the size of sales and the number of assets owned by the company. The measurement of the activity ratio consists of Total Assets Turnover (TATO) which describes the effectiveness of the use of all company assets in generating income that can be invested in the form of company assets. This ratio is designed to find out the total amount of each type of asset reported in the balance sheet looks reasonable, whether it is too high or too low when

compared to the current sales level. The activity ratio can also be measured using Inventory Turnover (ITO), which assesses how efficient a company is in managing its stock or inventory of merchandise.

According to Astakoni and Wardita (2020), company value is the share price that investors are willing to pay for each share of the company. Company value is also an indicator for assessing the company which is reflected in the company's share price. The higher the market value of a company's shares, the higher the investor's interest in investing in the company concerned. Fluctuating company values will make investors more careful in making investment decisions to avoid any losses. Therefore, further observation is needed on company values that can generate maximum profits (Halim & Hafni, 2019). According to Nurrohman's research (2022), there are several concepts in interpreting company value, including:

- a) Nominal value is the value formally stated in the company's articles of association.
- b) Market value is the price formed from the bargaining process in the capital market.
- c) Intrinsic value is the value estimated as the real value of a company.
- d) Book value is the value of a company calculated based on accounting concepts.
- e) Liquidity value is the sales value of all company assets minus all obligations that must be met by the company.

This study uses the concept of market value since market value can influence investors' perceptions of a company's value. The main goal of a company is to maximize wealth for its owners by maximizing the value of the company. Measuring company value can be done using several methods, such as Price Earnings Ratio (PER), Price to Cash Flow Ratio, and price to book value (PBV) which provide an overview of how the market assesses the company's performance.

HYPOTHESES DEVELOPMENT

The liquidity ratio is used to assess a company's ability to meet its short-term obligations that are due with its assets. If a company has a good ability to meet its short-term obligations with current assets, the company can be said to be liquid, which means that the higher the liquidity ratio of a company, the higher the company's obligations covered by current assets. A company with good liquidity indicates that the company has sufficient funds to finance operations and dividend payments. This can attract investors to invest in the company because it shows a positive level of liquidity. Previous studies on the effect of liquidity on company value has been conducted by Iman et al. (2021) and Putri et al. (2023) and the results show that liquidity has a positive effect on company value. Hence, the first hypothesis proposed in this study is as follows:

H1: Liquidity ratio has a positive effect on company value.

The solvency ratio is used to measure the extent to which a company's activities are financed by debt (Wandi, 2018). If the company can meet its obligations, then the company is in good condition. The use of debt as company capital is not always risky since companies can use debt as an additional source to support business development, such as purchasing new fixed assets, building new factories to increase production capacity. This can result in increased profits for the company which can then increase the value of the company. A study on the effect of solvency on company value was conducted by Thoha and Hairunnisa (2022) shows that solvency has a positive and significant effect on company value. Therefore, the second hypothesis proposed in this study is as follows:

H2: Solvency ratio has a positive effect on company value.

The profitability ratio aims to assess how capable a company is in managing its assets to generate profits. According to previous studies by Marizta and Mahargiono, (2021), Saputri and Giovanni (2021), Ambarwati and Vitaningrum, (2021), and Andy and Jonnardi (2020) the profitability ratio shows the relationship between quality and company value. This relationship shows that if the company's management performance is measured using the profitability ratio and the ratio is good, then it will have a positive impact on investor decisions. High profitability also reflects the company's good prospects. It means that if the company has a high level of sales or income then the company can increase the welfare of its investors. Several previous studies have linked that there is a positive

and significant influence between profitability variables and company value. Based on the above discussion, the third hypothesis proposed in this study is as follows:

H3: Profitability ratio has a positive effect on company value.

Activity ratios are used to determine how effectively an organization uses its resources. The goal is to measure the turnover of assets owned, such as the turnover of goods in the warehouse and turnover during a certain period (Sintarini & Djawato, 2020). Noviyanti and Ruslim (2021) found that activity ratio has a positive and significant effect on company value. If the total asset turnover of a company is fast in a certain period, it indicates that the company can manage its assets efficiently, which is a positive signal for the company. Good company conditions can attract potential investors to invest their shares in the company, this can also increase the stock price so that it can increase the value of the company. Hence, the fourth hypothesis proposed in this study is as follows:

H4: Activity ratio has a positive effect on company value.

RESEARCH METHOD

This research used quantitative research, which is a research method related to numbers or nominal values that are often used in survey or opinion poll research (Waruwu, 2023). The data used in this study is secondary data. Secondary data is information that previously existed and was collected by researchers from other sources, such as books, websites, documents, journals, or in the form of data collected from other organizations or individuals. In this study, data was obtained through observation methods, which include collecting, recording, and reviewing financial data of manufacturing companies in the food and beverage sector during the 2019-2023 research period. The data used in this study are data published by the Indonesia Stock Exchange and accessed through www.idx.co.id.

The sampling technique employed in this study is purposive sampling, which involves taking samples from a certain population by considering predetermined criteria. The following are the criteria set for this study:

- a) Food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period.
- b) Food and beverage manufacturing companies that published their financial reports consecutively during the 2019-2023 period.
- c) Food and beverage companies that have positive ROE during the 2019-2023 period.

This study uses a population in the form of financial reports for 5 (five) periods in food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2019-2023 with the following criteria:

Table 1. Data Collection

No.	Criteria	Amount
1.	Food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period.	24
2.	Food and beverage manufacturing companies that did not publish their financial reports consecutively during the 2019-2023 period.	(2)
3.	Food and beverage companies that do not have positive ROE during the 2019-2023 period.	(3)
4.	Number of companies	19
5.	Total sample size	95

Based on the criteria mentioned, the researcher had identified companies in the food and beverage sector that could be used as samples in this study. The following are samples of companies that have been selected for this study:

Table 2. List of Companies

No	Kode Saham	Nama Perusahaan
1	AALI	Astra Agro Lestari Tbk.
2	ADES	Akasha Wira International Tbk.
3	CAMP	Campina Ice Cream Industry Tbk.
4	CEKA	Wilmar Cahaya Indonesia Tbk.
5	CPIN	Charoen Pokphand Indonesia Tbk.
6	DSNG	Dharma Satya Nusantara Tbk.
7	GOOD	Garudafood Putra Putri Jaya Tbk.
8	ICBP	Indofood CBP Sukses Makmur Tbk.
9	INDF	Indofood Sukses Makmur Tbk.
10	JPFA	Japfa Comfeed Indonesia Tbk.
11	KEJU	Mulia Boga Raya Tbk.
12	LSIP	PP London Sumatra Indonesia Tbk.
13	MYOR	Mayora Indah Tbk.
14	ROTI	Nippon Indosari Corpindo Tbk.
15	SKBM	Sekar Bumi Tbk.
16	SKLT	Sekar Laut Tbk.
17	STTP	Siantar Top Tbk.
18	TGKA	Tigaraksa Satria Tbk.
19	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk

Operational Definition of Variable

Dependent Variable

The dependent variable in this research is the company value, which reflects the price a potential buyer is willing to pay if the company is sold. Every company aims to increase its value to raise its stock price (Awulle et al., 2018). A good company value is often reflected in a high stock price in the market. One metric used to measure company value is the Price to Book Value (PBV), which calculates the ratio between the market price of the company's stock and its book value.

$$PBV = \frac{\text{Market Price of Stock}}{\text{Book Value of Stock}}$$

Independent Variable

The independent variable is the factor that influences or causes changes in the dependent variable. The independent variables are selected or measured by the researcher to understand their relationship with the factors being measured. Liquidity, profitability, solvency, and activity are the independent variables in this study, as they are not influenced by other variables.

a. Liquidity

Liquidity ratio is a measure of a company's ability to pay its short-term obligations or those due for payment once all receivables are collected. In this study, liquidity is measured using the Current Ratio. The Current Ratio (CR) is a ratio that measures the ability of current assets to cover short-term liabilities that are due for payment (Thoha et al., 2022). The formula for the Current Ratio (CR) is as follows:

$$\text{Current Ratio (CR)} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

b. Profitability

The profitability ratio is a measure of how effectively a company's management is generating profit in relation to sales and investments. The indicator used to measure the profitability

variable in this study is Return on Equity (ROE). ROE is the ratio of net income after tax to the equity capital invested by shareholders. The formula to calculate ROE (Return on Equity) is as follows:

$$\text{Return on Equity (ROE)} = \frac{\text{Earning After Tax}}{\text{Total Equity}}$$

c. Solvency

The solvency ratio is a ratio used to measure a company's ability to pay all its long-term and short-term obligations if the company were to be liquidated (Abrori & Suwitho, 2019). In this study, solvency is measured using the Debt-to-Equity Ratio (DER) indicator. Solvency is a financing policy that helps a company make decisions about funding issues. The Debt-to-Equity Ratio (DER), which is the ratio of total debt to total equity, can be formulated as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

d. Activity

The activity ratio is a measure used to assess how effectively a company utilizes its assets. The activity ratio in this study is measured using the Total Assets Turnover (TATO) indicator, which is a ratio that calculates the turnover of the company's total assets and measures the number of sales generated from each unit of asset (Fahmi, 2020). The formula for Total Assets Turnover (TATO) is as follows:

$$\text{Total Assets Turn Over} = \frac{\text{Sales}}{\text{Total Assets}}$$

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics were conducted in this study to describe the. The following are the results of descriptive statistics:

Table 3. Descriptive Statistics

	n	Minimum	Maximum	Mean	Std. Deviation
CR	95	,82	13.31	3,2913	2.62682
ROE	95	,00	,31	,1372	,07096
DER	95	,10	2.11	,6293	,40850
TATO	95	,00	4.46	1,2657	,81765
BV	95	,24	6.37	2,3309	1.45675

Source: Processed data (2024)

From the results obtained, the conclusions for each variable are as follows:

a. Liquidity (CR): The minimum current ratio (CR) value is 0.82 (PT Dharma Satya Nusantara Tbk, 2019) and the maximum is 13.31 (PT Campina Ice Cream Industry Tbk, 2021). The average CR is 3.2913 with a standard deviation of 2.62682, indicating good liquidity.

b. Profitability (ROE): The minimum value of return on equity (ROE) is 0.00 (PT PP London Sumatra Indonesia Tbk and PT Japfa Comfeed Indonesia Tbk, 2023) and the maximum is 0.31 (PT Tigaraksa Satria Tbk, 2019). The average ROE is 0.1372 with a standard deviation of 0.07096, indicating good profitability.

c. Solvency (DER): The minimum value of debt to equity ratio (DER) is 0.10 (PT London Sumatra Indonesia Tbk, 2023) and the maximum is 2.11 (PT Dharma Satya Nusantara Tbk, 2019). The average DER is 0.6293 with a standard deviation of 0.40850, indicating good solvency.

d. Activity (TATO): The minimum value of total assets turnover (TATO) is 0.00 (PT London Sumatra Indonesia Tbk, 2023) and the maximum is 4.46 (PT Tigaraksa Satria Tbk, 2019). The average TATO is 1.2657 with a standard deviation of 0.81765, indicating good activity.

e. Company Value (PBV): The minimum price to book value (PBV) is 0.24 (PT Sekar Laut Tbk, 2023) and the maximum is 6.37 (PT Garudafood Putra Putri Jaya Tbk, 2021). The average PBV is 2.3309 with a standard deviation of 1.45675, indicating a good company value.

Normality Test

This study uses the non-parametric Kolmogorov-Smirnov (KS) statistical test and the p-plot regression normality test. The Kolmogorov-Smirnov test rule states that if the significance value is >0.05 , the variable is normally distributed; if <0.05 , it is not normal. For the normal p-plot regression test, if the points spread around and follow the diagonal line, the model is considered normal. Based on Table 4, the Asymp.sig. (2-tailed) value is 0.099. The value is greater than 0.05, thus, it indicates that the data is normally distributed. Figure 2 also shows a pattern of points following the diagonal line, confirming that the residual is normally distributed.

Table 4. Kolmogorov-Smirnov Normality Test

		Unstandardized Residual
N		95
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	1,17273282
Most Extreme Differences	Absolute	,083
	Positive	,083
	Negative	-,041
Test Statistics		,083
Asymp. Sig. (2-tailed)		,099 ^c

Source: Processed data (2024)

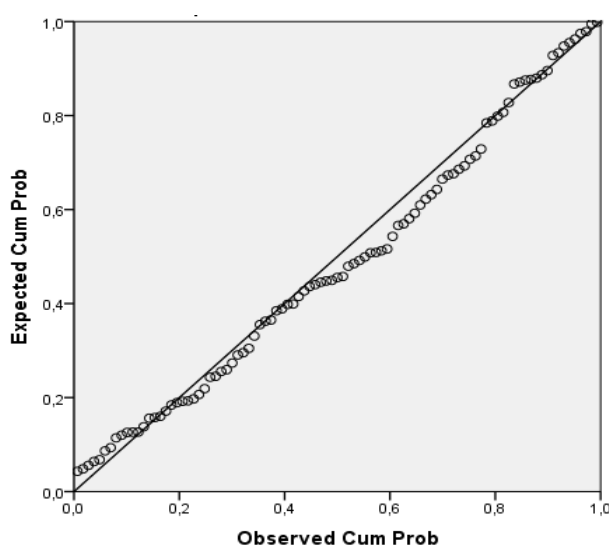


Figure 2. Normality Test (normal p-plot regression)

Multicollinearity Test

The basis for decision making from the multicollinearity test is if the VIF value <10 and tolerance >0.1 , then it is stated that there is no multicollinearity. From Table 5, it can be concluded that all independent variables (CR, ROE, DER, TATO) have a tolerance value >0.1 and VIF <10 . This indicates that there is no multicollinearity in the regression model, and the regression model is normally distributed.

Table 5. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	,736	,525		1,401	,165		
CR	-,026	,062	-,047	-,425	,672	,580	1,725
ROE	12,406	1,925	,604	6,446	,000	,819	1,220
DER	,172	,402	,048	,427	,671	,566	1,766
TATO	-,101	,166	-,057	-,611	,543	,831	1,203

a. Dependent Variable: PBV

Source: Processed data (2024)

Heteroscedasticity Test

Testing in this study uses the Glejser test, namely if the significance value is greater than 0.05 then heteroscedasticity does not occur. Table 6 shows that the Sig. value for each independent variable is more than 0.05: CR is 0.193, ROE is 0.339, DER is 0.833, and TATO is 0.629. This indicates that the regression model of this study does not experience heteroscedasticity.

Table 6. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,955	,315		3,028	,003
CR	-,049	,037	-,177	-1,311	,193
ROE	1,110	1,155	,109	,961	,339
DER	,051	,241	,029	,212	,833
TATO	-,048	,100	-,055	-,484	,629

a. Dependent Variable: Abs_RES

Source: Processed data (2024)

Autocorrelation Test

Autocorrelation testing in this study used the DW (Durbin-Watson) test, namely by using the formula $(dU < DW < 4-dU)$. Based on Table 7, the Durbin-Watson (DW) value is 2.151. With $\alpha = 5\%$, the number of samples is 95, and independent variables are 4, the lower limit (dL) is 1.579 and the upper limit (dU) is 1.754. Because $1.754 < 2.151 < 2.246$, the regression model is free from autocorrelation and is suitable for use.

Table 7. Autocorrelation Test (Durbin – Watson)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,624a	,389	,354	1,175	2,151

a. Predictors: CR, ROE, TATO, DER

b. Dependent Variable: BV

(Source: Processed data, 2024)

Multiple Linear Regression Analysis

The regression formula that is used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Information:

Y = Company Value (BV)

 α = Y value if $X_1 X_2 X_3 X_4 = 0$ $\beta_1 \beta_2 \beta_3 \beta_4$ = Regression coefficient direction number X_1 = Liquidity Ratio (CR) X_2 = Profitability Ratio (ROE) X_3 = Solvency Ratio (DER) X_4 = Activity Ratio (TATO) ε = Error terms

Table 8 shows the results of the multiple linear regression analysis test which can be explained by the following equation:

$$Y = 0.736 - 0.026.CR + 12.406.ROE + 0.172.DER - 0.101.TATO + \varepsilon$$

Table 8. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	,736	,525		1,401	,165
CR	-,026	,062	-,047	-,425	,672
ROE	12,406	1,925	,604	6,446	,000
DER	,172	,402	,048	,427	,671
TATO	-,101	,166	-,057	-,611	,543

a. Dependent Variable: PBV

Source: Processed data (2024)

T-test

Table 9 shows the t test results. Based on the decision-making assumption, if the significance value > 0.05 , then the hypothesis is not supported, which means that the independent variable does not have a significant effect on the dependent variable. Based on Table 9, it can be concluded that profitability ratio (ROE) has a positive and significant effect on company value while liquidity ratio, solvency ratio and activity ratio do not have any effects on the company value.

Table 9. T-test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	,736	,525		1,401	,165
CR	-,026	,062	-,047	-,425	,672
ROE	12,406	1,925	,604	6,446	,000
DER	,172	,402	,048	,427	,671
TATO	-,101	,166	-,057	-,611	,543

a. Dependent Variable: BV
Source: Processed data (2024)

F Test

The F test is used to determine the goodness of fit of the model used in this study. Table 10 shows that the Sig value is 0,000. It demonstrates that the model used in this study fits the data.

Table 10. F Test

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	70,200	4	17,550	12,218	,000b
Residual	129,278	90	1,436		
Total	199,479	94			

a. Dependent Variable: PBV
b. Predictors: (Constant), TATO, CR, ROE, DER
Source: Processed data (2024)

Coefficient of Determination Test (R2)

The coefficient of determination measures the influence of the independent variable on the change of dependent variable. Table 11 shows that the Adjusted R Square value is 0,323 or 32,3%. This result demonstrates that liquidity ratio, profitability ratio, solvency ratio and activity ratio can explain 32,3% change in company value and 67,7% change is influenced by other factors that were not investigated in this study.

Table 11. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,593a	,352	,323	1,199

a. Predictors: (Constant), TATO, CR, ROE, DER
Source: Processed data (2024)

Discussion

The results show that liquidity ratio does not have any effects on the company value. and this means the first hypothesis of this study is not supported. This result indicates that the ability to pay short-

term obligations is not a major factor for investors. High liquidity can indicate inefficient use of capital, causing idle funds and negative signals for investors, thus reducing firm value. Very high liquidity can also be seen as a sign that the company does not have a clear plan or strategy for using its capital. This can affect the market and investor perception of the company's ability to generate long-term value. Although high liquidity does not directly reduce the value of the company, a bad perception from the market or investors about the management of liquidity can affect the company's stock price. The results of this study also contradict the research conducted by Iman et al. (2021) and Putri et al. (2024), which state that liquidity has a positive effect on company value.

For the second hypothesis, the results show that the solvency ratio does not influence company value. The results of this study contradict the research conducted by Thoha & Hairunnisa (2022), which shows that the solvency ratio has a positive and significant effect on company value. This shows that the company's decision to increase capital from debt does not attract investors to invest. The higher the Debt Equity Ratio value, the greater the interest burden that must be paid by the company to creditors and will reduce investor interest in investing which can then have an impact on the bankruptcy of the company. The interest can reduce net profit after tax which can then reduce the value of the company. In addition, market perception of high DER values can be considered as a sign of high risk for the company's financial condition. This can lower stock prices and make the cost of capital higher. Conversely, if the DER value tends to be lower, investors will have the perception that the company has a good capital structure and less financial risk.

For the third hypothesis, profitability ratio proxied by ROE shows a positive and significant influence on company value. This result reflects bright prospects and attracting investor interest on the company. High profitability reflects good prospects for the company, provides a positive signal to investors and has the potential to increase stock prices and firm value. In addition, if there is an increase in profit, the stock price will also increase, thus increasing the value of the company. ROE is one of the company's reflections in front of investors and the public regarding the company's prospects. The higher the ROE value, the higher the company's value and shows the company's ability to effectively use its resources. The results of this study are in line with the research conducted by Marizta & Mahargiono (2021); Saputri & Giovanni (2021); Ambarwati & Vitaningrum (2021); and Andy & Jonnardi (2020). These previous studies link a positive and significant effect of profitability on company value.

This research found that activity ratio does not have any effects on company value, thus, the fourth hypothesis is not supported. This result is different from the previous research by Noviyanti and Ruslim (2021), who stated that the activity ratio has a positive effect on company value. High total asset turnover can be considered negative if the assets are dominated by fixed assets, since it can cause inefficiency and give negative signals for investors. Additionally, high total asset turnover can incur additional costs that have the potential to reduce profitability, which is considered negative by investors and has implications for decreasing stock prices.

CONCLUSION

This study found that liquidity ratio, solvency ratio and activity ratio do not have any effects on company value and profitability ratio has a significant and positive effect on firm value. This study has limited number of samples since there are food and beverage companies that have not published their 2023 financial statements and several companies recorded negative ROE in their financial statements between 2019-2023. For future research, this study suggests adding other factors that may affect company value, such as sales growth, with increased sales, it indicates that the company is able to attract more customers and expand its market share, which in turn can enhance the company's value. In addition, another external factor that can affect the company's value is the political environment. Political environment includes government policy such as tax policies, subsidies, environmental regulations, or trade policies, which can influence the company's profitability. For example, higher tax policies can reduce the company's profitability.

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