The Effect of Financial Performance, Leverage and Company Size on Company Value in the Food and Beverage Manufacturing Sector

Noviyati[1*], Wulandari Agustiningsih[2]
Universitas Esa Unggul, Jakarta Barat
Corresponding Author: Noviyati novi.ayu199@gmail.com

A R T I C L E I N F O

A B S T R A C T

This study's objective is to empirically establish whether financial performance, leverage, and firm size have a partial or simultaneous impact on firm value for the Food and Beverage Manufacturing companies listed on the Indonesia Stock Exchange between 2018 and 2020. Financial success as determined by ROA, leverage as determined by DER, and company size as determined by Size—as well as one dependent variable—firm value as measured by PBV—make up this study. There are 23 companies in this study that fit the requirements and have a combined revenue of 69 financial statements in Between 2018 and 2020, businesses in the food and beverage industry listed on the Indonesia Stock Exchange (IDX). According to the research, a firm's financial performance increases its value. In light of the fact that the Leverage variable has an impact on company value, firm size positively affects the worth of the company. Based on the study's findings, it can be said that financial performance, leverage, and firm size all affect corporate value simultaneously food and beverage sector in 2018-2020

INTRODUCTION

Due to their pivotal especially in terms of their contribution the rise of the non-oil and gas gross domestic product (GDP) manufacturing zone., food and beverage industries in Indonesia are still viable businesses (Herdiyana et al., 2020). The potential market share in Indonesia, however, may promote the expansion of the food and beverage industry subsector. In accordance with according to information from the Ministry of Industry, Food, and Beverage Products Indonesia wrote, during 2018 the activity capacity in the manufacturing factory zone reached 18.25 million people, food and beverage factories could grow by 7.91 percent or exceed the national economic growth at 5.17. percent. According to data from the Ministry of Industry, with an achievement of USD 27.28 billion during 2019, Indonesian food and beverage products were able to record the greatest export figures in the manufacturing sector. Additionally, the firms that produced food and beverages made up the majority of the investments in the January quarter. 2019 September at a value of IDR 41.43 trillion. Next, With 4.74 million inhabitants as of August 2019, the manufacturing zone's food and beverage factories consumed the majority of activity energy.. In 2020, the total export figure for food and beverage factories was USD 31.17 billion, higher than in 2019 which reached USD 27 .28 billion. Based based on data derived from financial data broadly, the food and beverage industry sector's level of profitability has shown an increase throughout the 2018-2020 period.(www.kemenperin.go.id)

The establishment of a company certainly has a goal to be achieved, whether the short term goal is to maximize industry profits or the long term goal is to be able to increase industry numbers and prosper shareholders. Large industry numbers will make the market confident in the current industry capabilities but also in industry opportunities (Raningsih & Artini, 2018). An increase in industry numbers due to high share prices will inspire market confidence in the sector's potential and future prospects.. The industry's profit level and maximizing industry value are interrelated industry goals for the safety level of shareholders, so that this goal will become an important benchmark for protecting industry continuity. Stock price is one evaluation of industry figures. The share price increases, resulting in an increase in shareholder numbers as evidenced by the high return for shareholders (Muharramah & Hakim, 2021).

Financial performance can be measured through the ratio of ROI, or return on investment. The percentage used to evaluate a company's operational efforts to produce net profit (Herdiyana et al., 2020). Return on Assets measures industry profits related to all sources of energy disposal (shareholder capital plus short and long term budgets borrowed). Financial strength can be explained when an analysis is carried out to see how far an industry has used financial implementation rules in a good and correct way (Tobing et al., 2019). Financial

ability reflects the financial situation in an industry at a certain time. The purpose of financial financial ability is to identify the level of profitability and the level of risk or the soundness level of an industry (Pramesti et al., 2019).

Leverage is used by the industry to measure the long-term role of the industry, to see whether or not the industry can fulfill its role in paying off debt (Ningsih & Wuryani, 2021). Leverage can be thought of as a calculation of the risks attached to an industry. This translates to indicate that the greater the leverage, the capital effect. Because using a lot of debt can boost industry figures, leverage needs to be managed. Leverage can be quantified by the Debt to Equity Ratio (DER).) (Widayanti & Yadnya, 2020). The use of too much debt is not good because it is feared that there will be a reduction in profits earned by the industry. That is, when the leverage figure continues to be large, it will be able to bring up capital that is attempted to be very dangerous (Mipo, 2022).

Industry dimensions have an impact on industry numbers. The larger the industry, the simpler it will be for it to find both internal and external financing sources or ratio. This research uses a proxy for industry dimensions with total sales (Size) (Bita et al., 2021). The industrial dimension reflects the overall heritage of a company. The industry itself is categorized into 2 types, namely small value industries and large value industries (Kholis et al., 2018). The proportion of the shadow economy to the overall inheritance held by an industry, continues to be the size of the industry so that it continues to be easy for the industry to be trusted by creditors in obtaining large sources of funding, both internal and external (Fadhilah et al., 2021).

There are several previous studies regarding Firm Value, one of which (Mipo, 2022) which shows that industry figures can be seen from their share prices. If the number of shares is large, you can say that the number of the company is also good. Industry figures in research are measured using Price Book Value (PBV). Industries that have PBVs with increasingly large numbers prove that the opportunities for industry development are still good, because investors will make more dedication to industries that have a legacy (Manggale & Widyawati, 2021) more than the book value market value. The erratic character of the research objects analyzed Companies were included in this analysis and traded on the Indonesia Stock Exchange from 2018 to 2020, sets it apart from many other studies that employed corporations involved in the real estate industry. and chemical industry.

This study aims to empirically determine the effects of financial strength, leverage, and industry size on industry numbers, either partially or simultaneously, in the Food and Beverage Manufacturing industry listed on the Indonesian Impact Money Market for the 2018–2020 time frame.

LITERATURE REVIEW
Agency Theory (Agency Theory)

This theory agency theory, which was proposed by Jansen and Macking in 1976, is a contract between managers and shareholders; shareholders are the owners of the company (principal) and managers as agents who carry out business activities for the benefit of shareholders. Agency theory is one of the efforts made by managers to maximize firm value. Meanwhile, according to Astriah et al. (2021) Agency theory (Agency Theory) is a theory that can provide an overview of the contractual relationship between the principal in this case the shareholder as the owner of the company and the agent in this case is the management of the company, where in this relationship the principal appoints an agent so that he can work according to with the proprietor's interests, since essentially both the principal and the agent have the same goal, namely to maximize the value of the company.

According to (Murtini et al., 2019) According to agency theory, a firm is a nexus of contracts, or a gathering place for agreements between different parties that could lead to conflicts of interest. When agents work for principals, conflicts of interest may develop. may not always behave in the principal's best interests, which results in agency fees. The manager will be compensated in accordance with the contract and has a moral obligation to maximize the earnings of the owners (principals).

Signal Theory (Signalling Theory)

(Mahzura, 2019) Explains that signal theory indicates that there is an Information asymmetry exists between parties interested in the information and firm management. According to signaling theory, businesses should give financial statement users indications. Companies must disclose all of their information, including financial and non-financial information, to lessen information asymmetry. The signaling concept states that high-quality companies will actively signal the market. The result is, it is predicted that the market will be able to tell good enterprises from poor.

Signal theory can be concluded as a theory that can affect company value, because this theory provides information about company conditions through financial reports to reduce information differences (Mudjijah et al., 2019). Meanwhile, according to Seri et al. (2021) According to signal theory, a corporation should give financial statement users signs.

Financial Performance (ROA)

The fundamental criterion for determining if a company is performing well as evidenced by its financial reports is its financial performance. For interested parties, the financial report includes information about changes to the company's financial features (Pramesti et al., 2019). According to (Endri et al., 2020), the idea of financial performance is a collection of financial actions over a

specific time period that are reported in the financial statements and income statement.. So that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period. One way is to measure financial performance by analyzing financial reports using financial ratios. Meanwhile, according to (Ulfa & Asyik, 2017) Financial performance is an analysis using financial analysis tools regarding a description of a company's financial situation that identifies its good and bad financial health and how it relates to its performance over a specific time period. One way is to measure financial performance by analyzing financial reports using financial ratios.

Financial performance in this study uses a measuring tool ROA (Return On Assets). Return On Assets is a ratio to measure a company's ability to utilize its assets to earn profits. Net profit is calculated as net profit divided by the total assets of the company (Mudjijah et al., 2019). The higher a company's return on assets (ROA), the more profit it generates and the better off it is in terms of asset utilization. The lower this ratio, the less capable management of the organization is in managing assets to enhance revenue or decrease expenditures.

Leverage (DER)

Leverage is a ratio that is used to measure the extent to which a company's assets are financed with debt, meaning how much the debt burden is borne by the company according to (Onainor, 2019). Leverage is a ratio used to determine how much debt a firm has and how percent of its assets are financed by debt. The Owe to Equity Ratio (DER) can be used to quantify leverage. Because this ratio shows what percentage of a company's assets are financed by debt.

Meanwhile, according to (Fitriana, 2022) Leverage is the use of securities to fund some of the company's assets where these securities have a dependent in the form of a fixed return burden with the assumption that it can increase the final return value for investors.

Company Size (Size)

Company size is the size of a company indicated by the company's total assets. Large companies will find it easier to access the capital market because large companies are more flexible in obtaining funds (Pardiastuti et al., 2020). Increasing company size indicates good company size. The increase that has occurred indicates that the company continues to experience business development so as to generate high profits (Bita et al., 2021).

Company size is a company measurement scale as seen from the company's total assets at the end of the year. Company size is usually measured by the natural log of the company's total sales in order to avoid excessive fluctuations. Company size is thought to be one of the factors that encourages management to perform income smoothing (Maotama & Astika, 2020).

The value of the company

Corporate value as a condition of the company's achievement of public trust in the business from its inception to the present. The share price of the corporation represents its value., where a high share price increases the value of the company (Suryani Ulan Dewi & Sudiartha, 2018). Meanwhile, according to (Rifa'i et al., 2020) company value is a reflection of the company which will provide investors' perceptions of the company's performance Shareholder and company wealth is reflected in the share market price, which reflects investment, funding, and management actions. asset. Therefore, the stock market ratio can be used as a yardstick for determining firm value, firm value in this study uses the Price to Book Value Ratio (PBV) formula.

METHODOLOGY
Relationship Between Variables and Hypothesis Development
Effect of Financial Performance, Leverage and Company Size on Company Value

How effectively a firm manages its assets to produce profits can be used to gauge its financial performance. a huge total company asset indicates a larger company size (Dayanty & Setyowati, 2020). Leverage is the use of debt by companies to carry out company operations (Dewantari et al., 2019). The size of a corporation is thought to have an impact on its worth. business size can be reflected in various ways, one of which is seen from the total assets owned by a company. Company size has a positive effect on company value (Widayanti & Yadnya, 2020).

Based on the explanation presented earlier, it can be said that there is an influence from financial performance, leverage, company size on firm value, research conducted by (Dewantari et al., 2019) that the factors that affect firm value are: financing choices, dividend policies, investment choices, capital structure, profitability, leverage, business expansion, and size. Firm value is positively impacted by firm size, leverage, and profitability.
H1: Financial performance, business value is positively influenced by leverage, business size, and other factors.
The Relationship between Financial Performance and Firm Value

Financial performance in the company to assess the success rate of profit from a company. The value of ROA in this study is used to gauge financial performance. The return on assets is a metric used to gauge how much profit a company generates from its own assets. The higher the ROA value, the more profitable the business will be. makes. It will increase if the profit does cause an increase in company value (Dayanty & Setyowati, 2020).

Based on the explanation presented earlier, it can be said that there is an influence from financial performance on firm value, research conducted by (Mudjijah et al., 2019). Firm size has a significant positive effect on firm value. (Mariyana et al., 2021). Stating that financial performance has a positive and significant influence on company value because financial performance is one of the factors that can affect changes in share value, so investors are encouraged to understand how much profit will be obtained from the company on its equity.

H2: There is a positive influence between financial performance and firm value

The Relationship Between Leverage and Firm Value

Leverage is a total asset that is financed by debt so that it can increase the profits of shareholders, both long-term and short-term debt (Sofia Prima Dewi, 2021). Leverage can be divided into two types, namely operating leverage and financial leverage. This operating leverage arises when a company uses fixed costs in production by taking into account the total costs of variable costs to produce quality output. A business with high operating leverage is defined as a business with high fixed costs. And financial leverage is the use of funds for companies in returning agreements to pay a fixed return on Using debt financing or preferred stock of finance that has a fixed burden in the hope that it will provide additional profits for the company (Manggale & Widyawati, 2021).

Based on the explanation presented earlier, it can be said that there is an effect of leverage on firm value. Research conducted by (Fadhilah et al., 2021) said that leverage describes the capacity of corporate management to make money while being responsible for its obligations. This will make investors careful to invest in companies with high leverage ratios because the higher the leverage ratio, the higher the investment risk. Thus, there will be a negative correlation between company value and leverage where high leverage will make investors careful in investing.

H3: Leverage has a detrimental impact on firm value.

Relationship Between Firm Size and Firm Value

Company size can be a scale where the size of the company can be classified in various ways, including total assets, stock market value, log size and others. Company size is considered capable of influencing company value (Dewantari et al., 2019). The easier it is for a company to find finance sources, both internal and external, the bigger it is or more expansive it is. Large-scale business sizes are more likely to improve their firm worth, draw in investors, and win the faith of their creditors (Dewantari et al., 2019). In this study, the log of using the natural logarithm of the business's total assets, or as a stand-in -in for company size.

Based on the explanation previously presented, it can be said that there is an influence from company size on firm value, research conducted by (Bita et al., 2021) The more expansive a firm is, the simpler it will be for it to find both internal and external financial sources. external. Total revenues are used in this study as a proxy for firm size. The stock price of the company increases as a result of this circumstance on the stock market. Investors have high standards for big businesses.. Thus, there will be a positive relationship between firm size and firm value because investors want large companies and will tend to have stable conditions

H4: The connection between company size and company value is favorable.

RESEARCH MODEL
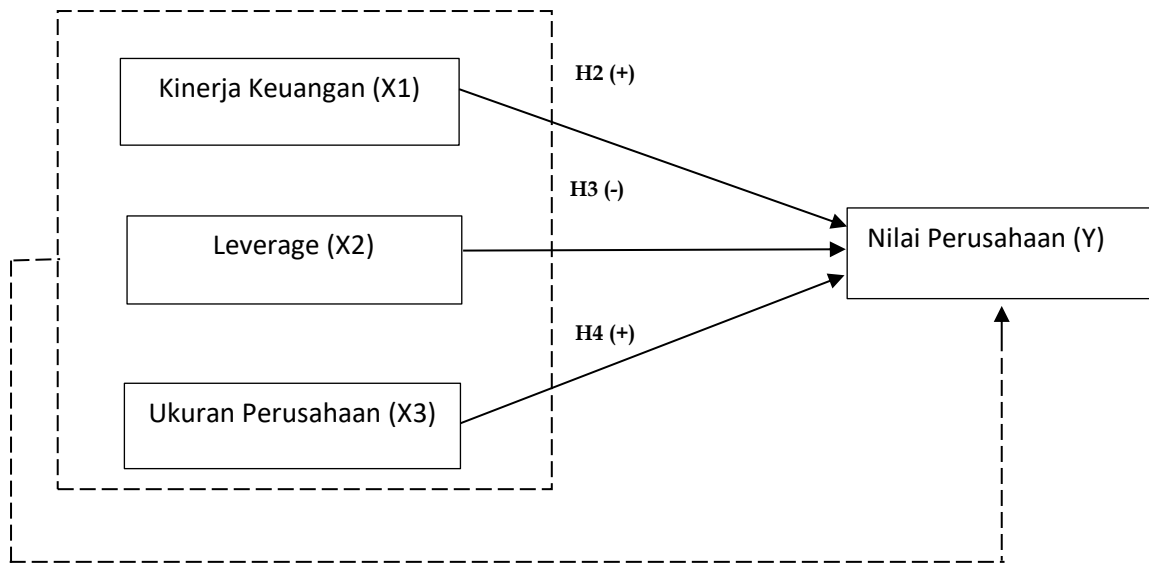
H1

Figure 1. Research Model

RESEARCH METHODOLOGY

This study consists of independent variables and dependent variables. Financial performance is proxied by ROA, Leverage is proxied by DER and company size is proxied by Size as an independent variable. Firm value is proxied by PBV as the dependent variable. Ratio measures from enterprises in the food and beverage sector that are listed on the Indonesia Stock Exchange were used in the study's design.. Ratio data comes from the company's annual financial report (Financial report), therefore the data collection method uses secondary data.

This study retrieved data from the official website, namely www.idnfinancials.com and the official website www.kemenperin.go.id . The population is made up of businesses for the 2018–2020 period within the timeline of the food and beverage sector on the Indonesia Stock Exchange (IDX). more than course of three years, the purposive sampling technique collected 10 samples, allowing 23 sample units of Food and Beverage sector companies were listed on the Indonesia Stock Exchange for the 2018-2020 period and food and beverage sub-sector companies that issued financial reports presenting financial ratio data that needed for the 2018-2020 period. As well as the 23 companies sampled by researchers, 5 companies that have registered for IPO in 2018-2020, namely Ultrajaya Milk Industry & Trading Company Tbk (ULTJ), Mayora Indah Tbk (MYOR), Siantar Top Tbk (STTP), Indofood Sukses Makmur Tbk (INDF), FKS Food Sejahtera Tbk (AISA).

This study used several data analysis techniques to test descriptive statistics, test multiple regression analysis and test the hypothesis. The t test (Partial Test) was used to determine if ROA, DER, and size had a partial impact on firm value, and the F statistical test (limutation test) was used to determine the combined impact of ROA, DER, and size on firm value. While the formula for the regression equation can be expressed as follows, the multiple regression analysis test is useful for determining the impact of the independent variables debt to equity ratio and return on assets on the dependent variable, namely firm value:Y (PBV)= α + β1 (ROA) + β2 (DER) + β3 (SIZE) + e

Information:

Y = Firm Value

α = Firm equation constant

β1 β2 β3 = Regence Coefficient of Each Independent Variable

X1 = ROA (Financial Performance)

X2 = DER Leverage)

X3= Size (Company Size)

e = Errors

RESULTS
Descriptive Statistics Test

Table 1. Descriptive Statistical Test Results
Descriptive Statistics

	N	Minimun	Maximum	Mean	Std. Deviation
ROA	69	.280	73.010	12.387	13.845868
DER	69	.070	5.370	.94580	.872913
SIZE	69	13.420	29.760	23.36217	5.805615
PBV	69	.230	3605.220	191.71145	666.648906
Valid N (listwise)	69				

The ROA-proxied financial performance variable has a minimum value in 2019 of 0.280 for PT. Sekar Bumi Tbk, a maximum value in 2019 of 73,010 for PT. FKS Food Sejahtera Tbk, and an average value of 12.38725 with a standard deviation value of 13.845868. It can be anticipated that the food and beverage industry's average financial performance from 2018 to 2020 will be 12.38.

The leverage variable used as a proxy by DER has a minimum value in 2019 of 0.070 for PT. Inti Agri Resources Tbk., a maximum value in 2020 of 5.370 for PT. Prasidha Aneka Niaga, an average value of 0.94580, and a standard deviation of 0.872913. From 2018 to 2020, there will likely be an average leverage of 0.95, or 95%, in the agribusiness of food and drink.

The SIZE proxy for firm size has a minimum value of 13,420 for PT. Akasha Wira International Tbk. in 2020, a maximum of 29,760 for PT. Garudafood Putra Putri Jaya in 2019, an average of 23.36217, and a standard deviation of 5.805615. From 2018 to 2020, the food and beverage industry is projected to have an average leverage ratio of 23.36.

PT. Indofood CBP Sukses Makmur Tbk. has the variable company value proxied by PBV with the lowest value of 0.230 in 2020 and the highest value of 3605.220 in 2018, while the average value is 191.71145 and the standard deviation is 666.648906. For the years 2018 to 2020, it may be projected that the typical dividend policy in the food and beverage industry industry will be 191.71.

Normality test

The The Kolmogorov-Smirnov (K-S) test is used in this normality test to determine whether the data population is normally distributed, provided that the Asymp. Sig. (2-tailed) is greater than 0.05. Conversely, if the Asymp. Sig. (2-tailed) is less than 0.05, the data population is considered to not be normally distributed. Based on the data from the research sample, an asymptotic significance level of 0.200 was determined, which is greater than the threshold of 0.05. As a result, It may be argued that the study's sample data are consistently disseminated. and appropriate for use in regression analysis.

Uji Multikolinearitas

The sample data is free of multicollinearity in this multicollinearity test utilizing a tolerance value test and Variance Inflation Factor (VIF), given that the Variance Inflation Factor (VIF) value is less than 10 and the tolerance value is more than 0.100. In contrast, multicollinearity exists in the sample data if the Variance Inflation Factor (VIF) value is more than 10 and the tolerance value is lower than 0.100. The results of the Financial Performance variable, which are represented by Return on Assets, have a VIF value of 1.435 less than 10 and a tolerance value of 0.697 more than 0.100 based on the data from the research sample. The Debt to Equity Ratio's proxy for the leverage variable has a VIF value that is 1.435 less than 10 and a tolerance value that is 0.697 higher than 0.100. Size's proxy for the firm size variable has a VIF value that is 1.001 less than 10 and a tolerance value that is 999 larger than 0.100. In order for the regression model to interpret each independent variable in the study's sample data as being free of multicollinearity.

Heteroscedasticity Test

There are no problems with the sample data in this heteroscedasticity test utilizing the glacier test under the condition that the significance value of the independent variable is bigger than 0.05. On the other hand, if the independent variable's significance level is less than 0.05, there is a heteroscedasticity issue with the sample data. The results of the Financial Performance variable, which are proxied by Return On Assets, have a significance value of 0.003, less than 0.05,

based on the research sample data. The Debt to Equity Ratio, which serves as a proxy for leverage, has a significance value larger than 0.05 of 0.170. The size variable used as a proxy for the company size has a significant difference of 0.071 over 0.05. The significance value for the PBV-proxied company value variable is 0.141, which is greater than 0.05, suggesting that none of the independent variables in the study's sample data suffer from heteroscedasticity issues throughout the regression model.

Autocorrelation Test

Using a run test, we will examine this autocorrelation. with the Asymp value's guidelines. Since the sample data's 2-tailed significance level is greater than 0.05, autocorrelation issues are not present. In contrast, the sample data has autocorrelation issues if the Asymp. Sig. (2-tailed) is less than 0.05. The Asymp value is determined using the data from the research sample. Sig. (2-tailed) >0.05 with a value of 0.200. It may be inferred that there is no issue with autocorrelation between independent variables in the study's sample data, making the regression model possible and doable.

Multiple Linear Regression Test

Based on the results of the test data, the regression equation can be compiled as follows:

$$PBV = -3.918 + 0.171(ROA) + 0.865(DER) + 0.171(SIZE)$$

Therefore, it can be concluded that the company's constant value, as proxied by PBV, in the food and beverage industry is expected to be -3.918 for the years 2018 to 2020. Based on the data from the research sample, the financial performance variable, which is represented by ROA, has an impact on firm value, represented by PBV, with a regression coefficient of 0.171, indicating a positive impact of the financial performance variable on firm value. It is anticipated that if the Financial Performance variable grows by one unit and all other factors remain constant, the company's value would rise by 0.171. With a regression coefficient of 0.865, the leverage variable represented by DER has an impact on firm value represented by PBV, indicating that the profitability variable has a favorable impact on firm value. It is anticipated that if the leverage variable increases by one unit while all other factors remain constant, the firm value will rise by 0.865. firm value as measured by PBV is impacted by variable firm size as measured by Size. According to the regression coefficient value of 0.171, the variable firm size has a favorable impact on firm value. When the variable firm size rises by one unit and the other variables remain constant, it is projected that the firm value would rise.

Determination Coefficient Test

Using data from the research sample, the Coefficient of Determination shows the result that 0.195, or 19.5%, is the adjusted R-square value. Consequently, it can be inferred that the financial performance, Leverage and Company Size affect the variable Firm Value of 19.5%, while the remaining 80.5% is influenced by variables other than the independent variables used in this study such as Profitability, Liquidity, company age and variables other.

Statistical Test F (Simultaneous)

The sig value is one of the F (Simultaneous) Measurement characteristics of statistical tests. When an ANOVA study's estimated F value is smaller than 0.05, it can be inferred from the F table value that each independent variable simultaneously affects the dependent variable. The computed F value and the sig. in the ANOVA study of 0.008 less than 0.05 of 4.473 were based on information from the research sample. Therefore, it can be concluded that business size, leverage, and financial performance all have an impact on firm value.

Statistical Test T (Partial)

There are measurement provisions for the T (Partial) statistical test, including the result of t count is greater than t table and If the significant value is less than 0.05, The influence of the independent variable on the dependent variable is regarded as substantial. The outcomes of the financial performance variable have a somewhat favorable trend based on information from the study's sample. and substantial impact on firm value with a t result of 3.148 and a sig less than 0.05, with a value of 0.003. The outcome of the leverage variable is t 1.397 and sig. 0.170 is more than 0.05, indicating a partially positive and minor impact on company value. With a result of t 1.855 and a sig value of 0.071 bigger than 0.05, variable business size has a partially positive and minor impact on firm value. In order to conclude that one independent variable, Financial Performance, has a significant impact on the other independent variable, two independent variables namely leverage and firm size do not significantly influence the dependent variable.

Hypothesis Testing

Table 2. Hasil Uji Hipotesis

Hypothesis	Hypothesis Statement	Koefisien	Sig	information
H1	There is an influence of ROA, DER, SIZE on company value	4,473	0,010 0,008<0,05	Hypothesis **accepted**
H2	There is a **positive** effect of *return on assets on* company value	3,148	0,004 0,003<0,05	Hypothesis **accepted**
H3	There is **no positive** effect of the *Debt to Equity* Ratio on company value	1,397	0,180 0,0170>0,05	The hypothesis is **rejected**
H4	There is **no positive** effect of *size* on company value	1,855	0,075 0,071>0,05	The hypothesis is **rejected**

DISCUSSION

Effect of Financial Performance, Leverage, Firm Size on Firm Value

Based on the test results, it can be concluded that financial performance, leverage, company size have an effect on firm value in food and beverage sub-sector companies on the Indonesia Stock Exchange (IDX) for the period 2018 to 2020, so H1 is **acceptable**. The test results of this study are in accordance with the theory that reveals financial performance, leverage, company size on firm value is accepted. Based on research conducted by (Mipo, 2022) states that financial performance, leverage, company size have a positive impact on company value.

Effect of Financial Performance on Firm Value

The results of the research can be concluded that the financial performance of Return On Assets has a positive effect on company value in food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 to 2020, so H2 is **acceptable**. The results of this research test are in accordance with researchers (Mudjijah et al., 2019) and (Nugrahani & Suwitho, 2019) who state that financial performance has a positive impact on firm value. Positive financial performance indicates that of the total assets used to operate, the company is able to provide profit for the company. The results of the work that has been achieved by the company in a certain period and recorded in the financial statements. Thus, the measurement of financial performance can be done by assessing analyzing financial statements. Financial performance in this study is measured using Return On Assets. Profit generated from asset management and company investment. With a higher ROA value, this shows

that the productivity of assets is getting better to obtain net profit, so it can increase the attractiveness of a company to investors. The results of this test are in line with research results (Dayanty & Setyowati, 2020).

Effect of Leverage on Firm Value

Based on the test results, it can be concluded that leverage H3 might be rejected since it has no beneficial impact on firm value in the food and beverage industry companies listed on the Indonesia Stock Exchange (IDX) for the years 2018 to 2020. It gauges the capacity of the organization to settle its debts based on the outcomes of the leverage test. The size of the leverage does not affect the value of the company, because investors consider the debt owned by the company as a natural thing as long as the company is able to pay it off. In addition, the research year was also carried out when a pandemic occurred so that investors did not pay too much attention to debt levels because companies affected by the pandemic were given leeway in paying off their debts.

The need for funds in the company is used with debt. if the company does not have leverage, which means the company uses its own capital without using debt. The lower the leverage, the less risk the company has if its economic conditions decline. The higher the company's level of leverage, the more debt it uses and the bigger the commercial risks it faces when the economy deteriorates. The test's outcomes are consistent with those of previous studies. (Wardhany et al., 2019) and (Alviansyah et al., 2020)(Alviansyah et al. al., 2020) Leverage can be used to calculate how much debt the business must take on to pay for assets.

The Effect of Company Size on Firm Value

The test results of this study are in accordance with researchers (Ariska et al., 2020) and (Astriah et al., 2021) who state that company size has no effect on firm value. The test results can be concluded that company size is measured by Size on company value in food and beverage sector companies on the Indonesia Stock Exchange (IDX) for the period 2018 to 2020, then H4 can be **rejected.**

Based on the test results, The size of the corporation outlines the size of the business as evidenced by on the magnitude of the capital used by the business, the total value of its assets, and the total revenue it generates. In this study, company size is measured using the natural logarithm (Ln) of total sales, because the greater the total assets the company has, the larger the company size (Astriah et al., 2021).

Company size determines in obtaining internal and external funding. Good funding management by company management will convey a signal about the company's internal conditions that can be used as a reference by potential investors (Fadhilah et al., 2021). The stability Investors will get interested in purchasing firm shares as a result of their knowledge of the company's state.. The stock price of the company increases as a result of this circumstance on the stock market. Investors have high standards for big businesses. Thus, there will be a

positive relationship between firm size and firm value because investors want large companies and will tend to have stable conditions. If company size increases, company value also increases. The results of this test are in line with research results (Muharramah & Hakim, 2021).

CONCLUSION

Considering the study's findings, the financial performance hypothesis positively affects the worth of the company. Leverage does not increase the value of a company. because investors consider debt owned by the company as a natural thing as long as the company is able to pay it off. Apart from that, the year the research was conducted when the COVID-19 pandemic occurred, so investors did not pay much attention to debt levels because companies affected by the pandemic were given leeway in paying off their debts. The research results rejected the second hypothesis. The third hypothesis explains that company size has no partial positive effect on company value in food and beverage companies in 2018-2020. Based on the research results, it can be deduced that firm size, leverage, and financial performance all affect company value in the food and beverage industry simultaneously. sector in 2018-2020.

This research has several limitations, including only examining the food and beverage sub-sector for a limited period of time, namely in 2018-2020, and only using three variables, namely the fluctuating Debt to Equity Ratio (DER) and Return on Assets (ROA) and company value. (Size), so that future researchers are advised not to be limited to food and beverage companies and to extend the year of observation. then to consider other variables. The final suggestion is that future researchers are expected to be able to use different samples and populations from this study, such as the household cosmetic sector, pharmaceuticals, animal feed and others.

This research can also be taken into account so that shareholders and investors can make more informed investment decisions. Companies often disclose financial statement information to investors and shareholders. shares and raise the company's value. having a strong financial performance followed by good financial management will increase the value of the company. For company leverage, it is recommended to reduce the use of large debt from third parties for company operations because the use of large debt will certainly add to the burden on Low debt use will be advantageous to the business. so that it can raise the company's value.

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