

Determinants of Firm Value in Food & Beverage Companies Listed on the IDX in 2019-2022

Fatikhah Fitir Riasi¹, Wida Purwidiанти^{2*}, Erna Handayani³, Hermin Endratno⁴
Universitas Muhammadiyah Purwokerto

Corresponding Author: Wida Purwidiанти widapurwidiанти@ump.ac.id

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ABSTRACT

This research aims to determine the influence of Profitability, Capital structure, GCG, Firm size, and Firm Age on Firm Value. This research uses quantitative methods with secondary data types, the population are 26 food & beverage companies registered on the IDX in 2019-2022, and a sample size of 83 companies was obtained from purposive sampling techniques with unbalanced panel data. The data processing results using SPSS Statistics 26 show that profitability positively and significantly affects Firm value. Capital Structure, GCG, Firm Size, and Firm Age have no impact on Firm Value.

INTRODUCTION

Rapid expansion is occurring in the food & beverage industry in the current era of globalization. The incidence of the Covid-19 pandemic escalated in 2019, resulting in an unprecedented magnitude of its consequences. While numerous industries were unable to endure the Covid-19 pandemic, a considerable number managed to rebound and are projected to sustain their growth. The gas, electricity, clean water, agriculture, livestock, plantations, fishing, automotive, and finance sectors are all viable industries. In contrast, the food & beverage sector encountered a downturn as a result of the reduction in consumer purchasing power and the prohibition of on-site dining. However, as a result of shifts in consumer behavior, this sector is gradually managing to endure (Indonesia, 2020). Several international events have been attended by businesses in the food & beverage sector, including the Industrial Exhibition Plaza, where sixty businesses were present. Indonesia capitalized on the momentum generated by the 2020 G20 by introducing domestic industrial goods, including food & beverages, onto international trade routes, including the ASEAN Economic Community (AEC), which has also been progressively liberalizing trade within the ASEAN region. This was done to expand exports.

Based on a survey of its members, the Indonesian Food & Beverage Entrepreneurs Association (GAPMMI) estimates that the Covid-19 pandemic has caused a 10–40% decline in the food & beverage industry (Nina, 2020). So that people's food requirements remain met, the government has requested that the food & beverage industry maintain operations throughout production, distribution, and retail. The food & beverage industry is beginning to recover from the devastating effects of the Covid-19 pandemic. The food & beverage industry is projected to grow by 4.47 percent in 2023. Despite the occurrence of the Covid-19 pandemic, capital continues to flow into this sector, which remains a popular choice among numerous investors. The fact that investment realization achieved Rp 85.10 trillion in 2023 demonstrates this.

The positive trajectory of capital market activity in 2022 is reflected in the Composite Stock Price Index (IHSG), which attained its peak value of 6,850 at the end of the year, reflecting a 4.09% surge compared to the final days of 2021 (Administrator, 2023). Additionally, trading activity increased substantially in comparison to the average daily transaction value reached Rp. 14.7 trillion by the conclusion of the previous year, reflecting a 10% growth compared to the previous year's figure of Rp. 13.4 trillion. Additionally, daily transaction volume has increased by 1.1% since the conclusion of 2021, reaching 1.31 million transactions. In the initial trade of 2024, the JCI was reported to have reached its highest point in history, reaching a value of 7,323. This is comparable to the situation that occurred at the end of 2022 when the JCI reached its highest point ever at level 7,318. Several determinants have the potential to impact the value of a firm: profitability, capital structure, Good Corporate Governance (GCG), firm size, and firm age.

Particularly in the pursuit of objectives, firm creditors and shareholders must place a greater emphasis on profitability (Santosa et al., 2022). The purpose of profitability is to provide insight into the firm's capacity to generate profits

and to illustrate the efficacy of management in conducting operational activities. If a firm exhibits substantial profitability, investors will be inclined to allocate their capital to contribute to the firm's overall value appreciation. Profitability positively influences firm value, according to research (Hartanti et al., 2019), (Maptuha et al., 2021), (Nopianti & Suparno, 2020), (Santosa et al., 2022), and (Wulandari & Damayanti, 2022). In contrast, the findings of several studies (Anggraeni et al., 2023), (Ardianto, 2023), (Putranto et al., 2022), and (Zam et al., 2023) indicate the exact inverse.

Capital structure comprises preferred shares, long-term debt, and common share capital comprise the organization's fixed expenditures (Maptuha et al., 2021). Internal funding is derived from the firm's capital, while external funding is obtained through retained earnings, which is classified as debt. Nevertheless, organizations must maintain vigilance regarding their debt policy, as an inordinate level of debt may erode investor confidence and consequently affect the worth of the organization. Predicated on studies (Damayanti et al., 2023), (Fahri et al., 2022), (Nopianti & Suparno, 2020), and (Setiawan et al., 2021) it is asserted that firm value is positively impacted by capital structure. Conversely, the findings of several studies (Hartanti et al., 2019), (Santosa et al., 2022), (Shantika & Kurniawati, 2023), and (Wulandari & Damayanti, 2022) indicate the exact inverse.

It is believed that Good Corporate Governance (GCG) can increase the value of a firm through investor collaboration in pursuit of the organization's success (Putranto et al., 2022). To facilitate the advancement of the economy for multiple stakeholders and ensure that the organization operates in alignment with its overarching vision and mission, GCG must also be executed. The substantial number of Independent Commissioners (DKI) indicates that the board of commissioners performs a more effective organizational and supervisory role, thereby mitigating agency conflicts that negatively affect the value of the firm. GCG has a positive impact on firm value, according to research (Anisa & Arif, 2023), (Fitri & Surjandari, 2022), (Indrastuti, 2021), (Kusuma & Nuswantara, 2021), (Putri & Putri, 2022), and (Umardani & Trisnaningsih, 2023). In contrast, contrary findings have been reported in studies conducted by (Julia & Umar, 2021), (Muntahanah & Cahyo, 2022), (Shantika & Kurniawati, 2023), and (Wardhani et al., 2021).

The term firm size refers to the aggregate value of an organization's assets. It is commonly categorized into two scales: "small" and "large" (Maptuha et al., 2021). The valuation of the organization is reflected in the fact that total assets continue to grow at a faster rate than total debt. The assertion is supported by studies (Anisa & Arif, 2023) and (Parnata et al., 2023) the magnitude of a corporation positively influences its market value. In contrast, contrary findings have been reported in studies conducted by (Anggasta & Suhendah, 2020), (Hasan & Meidiyustiani, 2023), (Maptuha et al., 2021), (Novianti et al., 2023), (Setiawan et al., 2021), and (Wulandari & Damayanti, 2022).

The term "firm age" refers to the duration from the time a firm was established or listed on a stock exchange until it commenced operations (Fahri et al., 2022). Investors may be attracted to the longevity of a firm due to its perceived

capacity to sustain its operations. Moreover, investors exhibit greater confidence in investing in established companies as opposed to newly founded ones. Assuming the firm is of advanced age and possesses substantial assets, the generated profits are anticipated to be substantial, thereby ensuring the firm's survival and exerting an influence on its value. According to a study conducted by (Fahri et al., 2022), there exists a positive correlation between the tenure of a firm and its value. Conversely, a study by (Novianti et al., 2023) presents contrasting findings.

By including two independent variables—differences in research year, population, and sample—this investigation becomes development research. Aside from that, variations exist in the GCG variables for which the DKI proxy was utilized in this investigation. Concerning the aforementioned phenomenon, the objective of this study is to examine the impact of firm value on profitability, capital structure, GCG, firm size, and firm age.

LITERATURE REVIEW

Agency Theory

Agency as the situation in which one or more principals engage the services of one or more organizations or individuals referred to as agents in exchange for the delegation of authority to execute the decisions made by the agents (Kotler & Keller, 2016). Agency theory posits that a relationship exists between the principal and the agent (Wardhani et al., 2021). To ensure that the agent acts in the best interests of both parties and refrains from causing damage to third parties, the principal delegate's authority to the agent. A relationship between the two parties indicates that the principal is motivated to increase profits; therefore, it is highly probable that the agent does not consistently act according to the principal's desires (Anisa & Arif, 2023).

Signalling Theory

Posits that when one party possesses the information and transmits a signal, it endeavors to convey usable information to the recipient; the recipient then decides based on the comprehension of the signal acquired (Spense Michael, 1973). The rationale behind companies being incentivized to disclose financial report information to external parties is outlined in signal theory (Nopianti & Suparno, 2020). The firm's communication with shareholders consists of furnishing pertinent details regarding its current state and prospective prospects, which serve as a foundation for informed decision-making. Because companies know more about the firm's situation than shareholders, they provide information signals that can explain the firm's condition (Fahri et al., 2022).

Firm Value

Investors frequently consult the value of a firm as a standard against which to evaluate information about that value. An increase in the share price of a firm will correspondingly lead to a valuation of the firm (Muntahanah & Cahyo, 2022). A high valuation of a firm is desirable by investors because it signifies greater prosperity for shareholders, which in turn encourages capital investment

(Putranto et al., 2022). The valuation of a firm is determined through the utilization of Tobin's Q, which is a ratio (Anisa & Arif, 2023).

Profitability

Profitability refers to the capacity of an organization to generate financial gains through the utilization of its investments and assets (Indrastuti, 2021). The profitability metric utilized is Return on Assets (ROA). By calculating ROA, the quantity of profit generated by the firm per rupiah of funds invested in total assets can be determined (Wulandari & Damayanti, 2022). The profitability ratio serves as an indicator of the management's efficiency within a firm, as demonstrated by the profits generated from investment activities or sales (Putranto et al., 2022).

Capital Structure

The concept of capital structure pertains to the internal or external sources of a firm's funds (Fahri et al., 2022). The Debt to Equity Ratio (DER) is a metric utilized to assess the capital structure of an organization. It calculates the proportion of own capital to total debt (Wulandari & Damayanti, 2022). An optimal capital structure is conducive to enhancing a firm's financial position; conversely, mismanagement of the capital structure can lead to heightened debt levels and financial risk, ultimately resulting in a decline in the firm's value (Wulandari & Damayanti, 2022).

GCG

GCG as a guiding and controlling principle that ensures a firm's power and authority in fulfilling its obligations to shareholders and stakeholders are in harmony. To increase efficiency, GCG with DKI proportions guarantees accountability, management responsibility, and corporate strategy (Muntahanah & Cahyo, 2022). DKI serves as an external member of the board of commissioners, wherein its obligations and responsibilities comprise the oversight of the board of directors and the provision of counsel (Annisa et al., 2023).

Firm Size

The categorization of firm size is determined by a range of metrics, including stock market value, total assets, log size, and sales (Anisa & Arif, 2023). The natural logarithm (Ln) of a firm's total assets is utilized to determine its magnitude; since most companies have total assets in the billions to trillions, Ln must be applied to all calculations (Wulandari & Damayanti, 2022). An evaluation can be derived from the magnitude of the organization; its measure can be ascertained by counting its total sales or total assets (Maptuha et al., 2021).

Firm Age

The age of a business indicates its capacity to compete and capitalize on existing opportunities. The age of a firm is quantified by AGE (firm age), which compares the year of research to the year of establishment of the firm under investigation. The reason why established companies typically possess greater

information and experience compared to startups is due to the longer working hours of the former (Fahri et al., 2022).

Profitability on Firm Value

The business conduct of a corporation furnishes shareholders with insights into how management perceives the prospects of the firm, according to signal theory (Sahputra et al., 2022). An increase in profitability generates greater investor interest, thereby resulting in an appreciation of the firm's value; conversely, a decrease in profitability leads to a decrease in value. Profitability positively influences firm value, according to research (Hasan & Meidiyustiani, 2023), (Indrastuti, 2021), (Julia & Umar, 2021), (Putri & Putri, 2022), and (Wardhani et al., 2021).

H1: Profitability Positively Impacts on Firm Value

Capital Structure on Firm Value

By signal theory, management may implement measures that furnish shareholders with indicators of management's evaluation of the organization's prospects (Sahputra et al., 2022). The capital structure comprises externally provided capital, which, when utilized judiciously, can contribute to the enhancement of the firm's value; conversely, excessive utilization of such capital may result in a decline in the firm's worth. Scholarly investigations (Julia & Umar, 2021), (Nurazi et al., 2020), and (Riki et al., 2022) support the notion that the value of a firm is positively impacted by its capital structure.

H2: Capital Structure Positively Impacts on Firm Value

GCG on Firm Value

An agency problem is a dispute that arises between the principal and the agent, in accordance with agency theory (Anisa & Arif, 2023). The objective of instituting GCG is to enhance shareholder confidence in wealth management agents and bolster confidence that agents will refrain from engaging in unethical behavior. The inclusion of DKI in the GCG is crucial due to its ability to oversee corporate operations and mitigate agency conflicts, which frequently occur within organizations, thereby contributing to an increase in firm value (Muntahanah & Cahyo, 2022). GCG has a positive impact on firm value, according to research (Annisa et al., 2023), (Ardianto, 2023), (Nurazi et al., 2020), (Putranto et al., 2022), and (Riki et al., 2022).

H3: GCG Positively Impacts on Firm Value

Firm Size on Firm Value

High asset levels are anticipated to convey a positive signal to investors, in accordance with signal theory (Hasan & Meidiyustiani, 2023). The relationship between firm value and firm size is predicated on the fact that larger companies have an easier time securing funding sources that can be applied towards the accomplishment of their objectives (Anisa & Arif, 2023). It has been established through research (Wardhani et al., 2021) and (Zam et al., 2023) the magnitude of a firm positively influences its value.

H4: Firm Size Positively Impacts on Firm Value

Firm Age on Firm Value

Potential investors may receive a positive signal from a firm's age in accordance with signal theory, as this indicates the firm's viability (Hasan & Meidiyustiani, 2023). The age of a firm is determined by tracing its origins back to the present day or until it is listed on the IDX. An inherent benefit of established companies relative to new ones is that the former will naturally enjoy greater investor and public confidence (Fahri et al., 2022). According to a study conducted by (Hasan & Meidiyustiani, 2023), there exists a positive correlation between the tenure of a firm and its value.

H5: Firm Age Positively Impacts on Firm Value

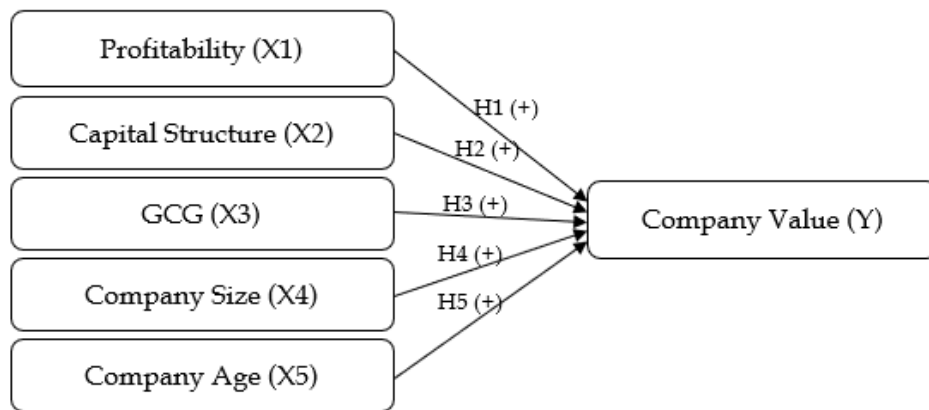


Figure 1. Conceptual Framework

METHODOLOGY

This research utilizes quantitative methodologies. Food & beverage enterprises that were enrolled on the IDX between 2019 and 2022 comprise the population. It is composed of twenty-six companies. Secondary data, sourced exclusively from the official websites of the corresponding corporations, is employed in this research. Consequently, the precision of the acquired data is guaranteed. The research utilized purposive sampling, which involved the selection of unbalanced panel data. The sampling criteria for this study consist of food & beverage companies that were publicly traded on the Indonesia Stock Exchange (BEI) from 2019 to 2022, produced a profit during the research period, and provided extensive disclosures regarding the variables being examined. The following is a table of operational definitions of the variables used in this research:

Table 1. Definition of Operational Variables

Variabel	Indikator	Sumber
Firm Value	$TOBIN'S\ Q = \frac{MVE + DEBT}{TA}$	(Hartanti et al., 2019)
Profitability	$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$	(Hartanti et al., 2019)
Capital Structure	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$	(Hartanti et al., 2019)
GCG	$DKI = \frac{\text{Total DKI}}{\text{Total Equity}}$	(Annisa et al., 2023)

	Total Board of Commissioner	
Firm Size	SIZE= Ln (Total Assets)	(Setiawan et al., 2021)
Firm Age	AGE= Year of Research - Firm Year (Perusahaan IPO/Go Public)	(Novianti et al., 2023)

The firm data for this research were analyzed using SPSS Statistics 26. The analysis utilized descriptive statistical methods, classical assumption tests (including assessments for normality, multicollinearity, heteroscedasticity, and autocorrelation), and evaluations of multiple linear regression analysis (including the coefficient of determination, F, and Q tests).

RESEARCH RESULT

With 104 firm records, this study was conducted on 26 food & beverage companies listed on the IDX between 2019 and 2022. After purposive sampling, the sample consisted of 83 firm data points, and unbalanced panel data were utilized to obtain firm information based on multiple criteria. The research sample is presented in the subsequent table:

Table 2: Criteria for Sampling

Criteria	Quantity
Count of food & beverage firms that will be IDX-registered between 2019 and 2022	26
Year of Research	4
Quantity	104
Complete firm data is not published	(13)
Complete firm data regarding the variables studied is not published	(8)
Quantity	83
Casewise	(5)
Number of samples that can be used	78

The explanations of the results of data processing using SPSS Statistics 26 are provided below:

Descriptive Statistical Test

Table 3. Descriptive Statistical Test Results

	N	Min	Max	Mean	Std. Deviation
Firm Value	83	0.52607	11.87782	2.4085162	1.70876981
Profitability	83	0.00011	0.59902	0.0953990	0.08916817
Capital Structure	83	0.10854	27.03807	1.0358428	2.292798511

GCG	83	0.33333	0.60000	0.3923695	0.8013375
Firm Size	83	25.28604	32.82638	28.7216494	1.67514974
Firm Age	83	10	93	42.55	21.680
Valid N (listwise)	83				

Source: Data processing results using SPSS Statistics 26

Employ a descriptive statistical test to determine each variable's minimum, maximum, mean, and standard deviation. Tobin's Q calculates an average value of 2.4085162 for the corporation, indicating that the average book value of the market is 2.4%. Based on the firm's average return on assets (ROA) of 0.0953990, it can be inferred that profit generation accounts for 9.54% of total assets. As calculated by DER, the average value of the capital structure is 1.0358428, signifying that 1.03% of the capital is comprised of domestic capital and the remaining is foreign capital. Based on the average GCG calculated by DKI, which is 0.3923695, DKI shall consist of 39.24% of the corporation's board of commissioners. Based on the mean value of 28.7216494 for firm size, enterprises generally allocate 28.72% of their capital towards assets. Based on the mean firm age of 42.55 years since their listing on the IDX, the average age of the companies in the sample is 42 years. This implies that the firms included in this research can endure and contend on the IDX for a prolonged duration. The data processing outcomes were obtained using SPSS Statistics 26.

Classic Assumption Test

Normality Test

Table 4. Results of the Normality Test

	Unstandardized Residual
Asymp. Sig. (2-tailed)	0.054 ^c

Source: Data processing results using SPSS Statistics 26

The normality test employs the One-Sample Kolmogorov-Smirnov Test to ascertain the normal distribution of the regression model by examining the Asymp value. Sig. (two-tailed) must be greater than 0.05. A case study was conducted on the data in Table 3, and it was determined that there were five outliers, leaving 78 data in total. The asymptotic value. $0.054^c > 0.05$ (two-tailed significance) indicates that the data are typically distributed.

Multicollinearity Test

Table. 5 Results of the Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
(Constan)		
Profitability	0.806	1.240

Capital Structure	0.939	1.065
GCG	0.979	1.022
Firm Size	0.947	1.055
Firm Age	0.802	1.247

Source: Data processing results using SPSS Statistics 26

The multicollinearity test looks at the VIF value, which must be less than 10, to see if multicollinearity symptoms impact the employed regression model. The tolerance values in Table 4 are 0.802 for age, 0.939 for capital structure, 0.979 for GCG, 0.947 for firm size, and 0.806 for profitability. Then, for profitability, capital structure, GCG, firm size, and firm age, the VIF values are 1,240, 1,065, 1,022, and 1,247, respectively. Thus, it can be inferred from the VIF values for variables less than ten that multicollinearity symptoms do not affect the subsequent regression model.

Heteroscedasticity Test

Table 6. Results of the Heteroscedasticity Test

Model	Sig.
(Constan)	0.384
Profitability	0.121
Capital Structure	0.821
GCG	0.440
Firm Size	0.785
Firm Age	0.468

Source: Data processing results using SPSS Statistics 26

The heteroscedasticity test employs the Glejser technique to ascertain if multicollinearity symptoms are present in the utilised regression model. If the significant value of the regression model is more than 0.05, then symptoms of heteroscedasticity do not affect it. The significance levels for profitability, capital structure, GCG, firm size, age, and 0.785 are as follows in Table 5. The following regression model is thus deemed not to exhibit heteroscedasticity symptoms if the significant value of every variable is greater than 0.05.

Autocorrelation Test

Table 7. The Results of the Autocorrelation Test

Model	Durbin Watson
1	0.866

Source: Data processing results using SPSS Statistics 26

To ascertain whether or not the empirical estimate model has an autocorrelation issue, the autocorrelation test applies the Durbin-Watson technique. When the Durbin-Watson value is below two, it indicates that the regression model does not possess symptoms of autocorrelation. The Durbin-Watson value in Table 6 is less than 2, suggesting that the subsequent regression model exhibits no autocorrelation symptoms.

Multiple Linear Regression Analysis

Table 8. The Results of the Multiple Linear Regression Analysis Test

Model	Unstandardized B	T	Sig.	Conclusion
(Constan)	1.540	0.866	0.390	
Profitability	12.323	6.681	0.000	Diterima
Capital Structure	0.013	0.384	0.702	Ditolak
GCG	0.740	0.581	0.563	Ditolak
Firm Size	-0.029	-0.477	0.635	Ditolak
Firm Age	0.002	-0.388	0.699	Ditolak
Dependen Variable: Firm Value				
Adjusted R Square= 0.444 F Test= 11.480				
*Sig. 0.05/5%				

Source: Data processing results using SPSS Statistics 26

Table 6 shows that this research obtained an Adjusted R Square value of 0.444, which means that 44% of firm value is influenced by profitability, capital structure, GCG, firm size, and firm age.

The significance level (0.000) is less than 0.05, as indicated by the calculated f value of 11.480 for the f test in this study. It can be concluded, based on the obtained values, that the variables profitability, capital structure, GCG, firm size, and firm age can explain variations in the dependent variable simultaneously; therefore, the model is deemed suitable or fit.

The t-test and its significance value are in the calculated t column. Profitability was obtained by a calculated t value of 6.681 > t table 1.993 with a sig value of 0.000 < 0.05. This means that the profitability variable Ha is accepted, and H0 is rejected. The capital structure obtained a calculated t value of 0.381 < t table 1.993 with a sig value of 0.702 > 0.05. This means that the capital structure variable Ha is rejected, and H0 is accepted. GCG obtained a calculated t value of 0.581 < t table 1.993 with a sig value of 0.563 > 0.05. This means that the GCG Ha variable is rejected, and H0 is accepted. The calculated t value for firm size is 0.477 < t table 1.993 with a sig value of 0.635 > 0.05. This means that the firm size variable Ha is rejected, and H0 is accepted. The calculated t value for firm age was 0.388 < 1.993 with a sig value of 0.699 > 0.05. This means that the firm age variable Ha is rejected, and H0 is accepted.

DISCUSSION

The Influence of Profitability on Firm Value

Hypothesis 1 states that profitability has a positive effect on firm value, **this hypothesis is supported**. Consistent with signal theory, corporations convey favourable indications to investors by disclosing details about substantial profits and favourable firm prospects, to stimulate investors' interest in investing. A firm's elevated profitability signifies favourable prospects for the organisation; consequently, investors interpret this as a positive indication from the firm, which facilitates capital acquisition by firm management in the form of shares

(Hartanti et al., 2019). An increase in profitability will correspondingly lead to a rise in earnings per share, thereby exerting an influence on the value of the firm. An increase in the firm's profitability leads to a corresponding rise in the return acquired, thereby enhancing the value of the firm. Thus, the magnitude of profitability constitutes a determinant in assessing the value of a firm. The results of this research are in line with (Anggasta & Suhendah, 2020), (Ekasari & Noegroho, 2020), (Rahmawati et al., 2023), (Riki et al., 2022), (Rofifudin et al., 2023), and (Yuswandani et al., 2023), which states that profitability has a positive and significant effect on firm value.

The Influence of Capital Structure on Firm Value

Hypothesis 2 states that capital structure has a positive effect on firm value, **this hypothesis is not supported**. Excessively high debt may give rise to agency conflicts between stakeholders and debt holders, which are contrary to agency theory. As a consequence, the firm may incur losses and witness a decline in value. Managers must be capable of evaluating the capital structure and comprehending its correlation with anticipated risks, returns, and firm value to accomplish organizational objectives. As a result of a reduction in share prices, the value of a firm diminishes when a greater proportion of its capital is funded by debt (Wardhani et al., 2021). This issue arises as a result of the firm's substantial interest obligations and debt repayments. An additional factor contributing to the emergence of debt agency costs is the excessive and suboptimal utilization of debt, which generates agency conflicts between shareholders and debt holders and results in a suboptimal valuation of the firm. This research is in line with (Julia & Umar, 2021), (Nurazi et al., 2020), and (Riki et al., 2022) which states that capital structure does not affect firm value.

The Influence of GCG on Firm Value

Hypothesis 3 states that GCG has a positive effect on firm value, **this hypothesis is not supported**. Consistent with agency theory, DKI failed to garner the interest of potential investors and consequently experienced a decline in its market value. The value of a firm decreases as the proportion of DKI increases, according to firm data. The quantity of DKI can't hurt the caliber of oversight provided to firm management, which may be detrimental to the organization (Wardhani et al., 2021). The value of the firm is not impacted by DKI's capacity to make decisions in the best interests of the organization, nor is it susceptible to external influence. This may also occur if DKI is incapable of exerting any influence over the calibre of oversight provided to firm management, there by failing to pique investor interest and subsequently resulting in a decline in the firm's value. This research is in line with (Anwar, 2023), (Rahmawati et al., 2023), (Sahputra et al., 2022), and (Yuswandani et al., 2023) which state that GCG does not affect firm value.

The Influence of Firm Size on Firm Value

Hypothesis 4 states that firm size has a positive effect on firm value, **this hypothesis is not supported**. Large and small companies have an equal chance of attracting investors' interest when purchasing and selling firm shares,

which contradicts signal theory. Both large and small companies have an equal opportunity to capture the interest of investors through share purchasing and selling activities (Anggasta & Suhendah, 2020). Organizations of all sizes possess an equal potential to increase their overall worth, provided they can instil confidence in investors and achieve favourable operational outcomes (Anggasta & Suhendah, 2020). The results of this research are in line with (Annisa et al., 2023), (Julia & Umar, 2021), (Rahmawati et al., 2023) which state that firm size does not affect firm value.

The Influence of Firm Age on Firm Value

Hypothesis 5 states that firm age has a positive effect on firm value, **this hypothesis is not supported**. Contrary to the principles of signal theory, the longevity of a firm does not inherently ensure that it can sustain investors' confidence in its ability to generate stable capital. In the current environment of dynamic business competition, even long-lasting companies cannot ensure their continued existence (Anggasta & Suhendah, 2020). This renders the age of the firm irrelevant to investors' inclination to purchase its shares, consequently rendering it inconsequential to the share price and overall value of the firm. The results of this research are in line with (Indrastuti, 2021) and (Anggasta & Suhendah, 2020) which states that firm age does not affect firm value.

CONCLUSIONS AND RECOMMENDATIONS

Profitability has a positive and statistically significant impact on firm value, according to the findings of research examining the influence of profitability, capital structure, GCG, firm size, and firm age on firm value in the food & beverage industry as reported by the Indonesian Stock Exchange from 2019 to 2022. Capital structure, GCG, the age of the firm, and its scale do not influence its value.

ADVANCED RESEARCH

The limitations of this research are the Adjusted R Square value of 44% and the limited sample size of 83 firm data. The limited number of samples is because several companies experienced losses and did not upload their annual reports comprehensively.

Researchers have taken into consideration recommendations for more studies based on the constraints that have been stated. To obtain more accurate results, future researchers are advised to employ sectors other than food and beverage firms listed on the IDX in 2019–2022, expand the number of samples, and add variables to get more accurate results.

The study aims to provide interested parties with helpful research findings. To foster business expansion, organizations should emphasise more significant determinants impacting the firm's value, including profitability. Investors may also consider the results of this study when formulating investment decisions, given that profitability impacts firm value and assists investors in achieving their goal of generating a return on their capital investment.

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