

The Effect of Capital Structure and Profitability on Firm Value, Moderated by Liquidity, Among F&B Companies Listed on the Indonesian Stock Exchange from 2020 To 2024

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Abstract

This research examines the effect of capital structure and profitability on firm value, with liquidity as a moderating variable, among food and beverage (F&B) manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The research is motivated by inconsistent findings in previous studies and the unique financial conditions faced by the F&B sector following the COVID-19 pandemic, including supply chain disruptions, inflationary pressures, and changing consumer behavior. A quantitative approach was employed using secondary data from annual reports, 208 panel observations were analyzed through panel data regression and Moderated Regression Analysis (MRA), with model selection via Chow, Hausman, and Lagrange Multiplier tests. The findings reveal that capital structure has a significant negative effect on firm value, indicating that excessive leverage reduces market valuation. Profitability also demonstrates a significant negative effect on firm value, reflecting investor concerns regarding earnings sustainability during post-pandemic recovery. Liquidity has a significant negative direct effect on firm value, suggesting that excessive current assets may be perceived as inefficient resource utilization. However, liquidity significantly strengthens the relationship between capital structure and firm value, as well as between profitability and firm value, confirming its strategic moderating role in translating financial decisions into market value. This study contributes to corporate finance literature by providing empirical evidence on the moderating role of liquidity in the Indonesian F&B industry during the post-pandemic period and offers practical implications for managers and investors in optimizing financial policies..

INTRODUCTION

The capital market has a strategic role in the Indonesian economy as a means for companies to obtain funding sources as well as a forum for the public to invest in financial instruments (Tandelilin, 2017). For investors in the capital market, Firm Value is a crucial indicator that reflects the condition of the issuer and market perception of the company's future performance (Brigham & Houston, 2019). High corporate value is the main goal of management because it is in line with efforts to improve the welfare of shareholders (Jensen & Meckling, 1976). In practice, the value of a company is not only influenced by the physical assets owned, but also highly dependent on funding decisions and the effectiveness of management in generating profits (Sartono, 2016). The dynamics of stock price fluctuations on the Indonesia Stock Exchange (IDX) show that investors continue to evaluate various financial

signals to determine the intrinsic value of a business entity, especially in the face of global economic uncertainty (Fahmi, 2017).

The food and beverage manufacturing industry is one of the strategic sectors in the Indonesian economy that shows high resilience to economic fluctuations (Hidayati et al., 2026; Isa & Praswati, 2025; Makhnun et al., 2025; Suryani & Dwiputra, 2025; Tamin et al., 2024). This sector contributes significantly to the Gross Domestic Product (GDP) and absorbs a large amount of labor. In the 2020–2024 period, companies in this sector face complex challenges, ranging from supply chain disruptions due to the COVID-19 pandemic to inflationary pressures and changes in people's consumption patterns. This condition requires companies to manage financial resources more efficiently and strategically (Abdullah, 2020).

The 2020-2024 period provides a rare opportunity for researchers to observe how companies react to extreme and unexpected external shocks. It is an ideal testing arena to test the resilience of established financial theories, such as the Trade-Off Theory and the Pecking Order Theory, mentioned in the research proposal, under conditions of high uncertainty. This environment forces management to make critical decisions about capital structure how to fund operations when revenues are uncertain and profitability how to maintain margins when costs soar. (Ramelli, S., & Wagner, A. F. 2020).

Based on data on F&B industry trends 2020-2024, significant anomalies were found in market valuation measured through Price to Book Value (PBV). In 2020, even though the debt to equity ratio (DER) jumped dramatically to 171% due to pandemic pressures, investors still gave a premium valuation of 3.81x. However, along with efforts to deleverage or reduce the debt ratio to 85% in 2024, the PBV value has actually corrected downwards to touch the level of ~1.50x. This phenomenon shows that there is a gap where improvements in capital structure do not necessarily increase the value of the company linearly. In addition, the significant upward trend in the Current Ratio (CR) from 2.00x in 2020 to 3.94x in 2021 indicates a shift in strategy from efficiency to strategic resilience. This reinforces the urgency to test whether liquidity (CR) serves as a moderation variable that maintains investor confidence amid such economic volatility. (Idx, 2024)

The Pecking Order Theory describes the behavior of F&B management that tends to seek external funding through debt (rather than issuing new shares that can lower the market value in times of crisis) to cover the operating costs of their production machines that must be kept running. This creates a capital structure dilemma (DER) where debt is taken not for expansion, but for survival. The Trade-Off Theory emphasizes the balance between the tax benefits of debt (tax shield) and the costs of bankruptcy. The F&B sector has high tangible asset characteristics, which can usually be used as good debt collateral. However, this theory is being tested by the "natural experiments" of the pandemic and inflation. Stewardship Theory positions managers as servants who are responsible for optimizing long-term performance for the sake of shareholders. The pandemic demanded unprecedented operational agility and changes in financial strategy. Under normal conditions, holding excess cash (high Current Ratio) is considered inefficient for managers. However, under the threat of global supply chain disruption, F&B managers' actions to increase liquidity (CR) are actually a form of stewardship responsibility to ensure the continuity of raw material supply and production. This theory explains why the traditional "inefficiency" metric has turned into an indicator of "resilience" that maintains a company's value in the eyes of investors.

One of the important aspects of a company's financial management is the capital structure, which is the composition between debt and equity used to finance business operations and expansion. An optimal capital structure can minimize capital costs and financial risks, as well as increase the value of the company. However, financing decisions are not universal; Companies should consider industry characteristics, business cycles, and investor expectations. In this context, the theory of Trade-Off and Pecking Order becomes a conceptual foundation for understanding the dynamics of capital structure.(Pambudi et al., 2022)

However, the relationship between capital structure and profitability to a company's value is not always linear or consistent. Internal factors such as managerial effectiveness and operational efficiency can strengthen or weaken the influence of these two variables. In this case, the company's liquidity acts as a moderation variable that can explain the variation in the relationship. Good liquidity can reinforce the positive impact of capital structure and profitability on a company's value, while poor performance can obscure the relationship (Ardhiestadion & Suzan, 2024).

Previous research has shown mixed results. Several studies have found that capital structure has a negative effect on a company's value due to high debt risk, while profitability has a positive effect because it shows the efficiency and attractiveness of investment. However, there is also research that shows that the influence of these two variables becomes significant only when moderated by Liquidity. This shows the need for a more comprehensive approach in analyzing the relationship between variables (Anggie & Mahpudin, 2024).

Taking into account the dynamics of the industry and the complexity of the relationships between variables, this study aims to empirically examine the influence of capital structure and profitability on the value of the company, as well as the role of liquidity moderation in these relationships. This study uses a quantitative approach with moderation regression analysis to identify significant and theoretically relevant relationship patterns (Ardhiestadion & Suzan, 2024).

This research is expected to make a theoretical contribution to the development of a company value evaluation model that considers the Liquidity moderation factor. The urgency of this research lies in efforts to resolve three major gaps that have not been systematically answered in the corporate finance literature.

First Gap Theoretical Gap: Classical financial theories such as Trade-Off Theory (Modigliani & Miller, 1963) and Signaling Theory (Ross, 1977) predict a direct relationship between capital/profitability structure and firm value. However, neither theory accommodates the role of conditional variables that can strengthen or weaken these relationships. Stewardship Theory (Donaldson & Davis, 1991) provides the basis that managers who maintain liquidity prudently are a form of stewardship that creates value, but have not been empirically tested as a moderator in the context of the F&B industry.

Second Gap Empirical Gap: Inconsistent results of previous research. Turrohma & Sudiyatno (2023) found that DER had a significant positive effect on company value; on the contrary, Maulana & Ardini (2024) found a negative influence. Suryani et al. (2023) found that liquidity measured by ROA had a positive effect, but there was a confusion of indicators (ROA is a proxy for profitability, not liquidity). This inconsistency indicates the existence of a missing moderation variable (missing moderator) in the model that has been used.

Third Gap Contextual Gap: The 2021–2024 period is a unique post-pandemic phase in which F&B companies face simultaneous pressures: raw material inflation, supply chain disruptions, and shifts in consumption patterns. This creates a "data anomaly" where the DER decreases but the PBV also decreases (the PBV should increase as leverage improves). There is no study that specifically examines the 2021–2024 transition period with liquidity moderation variables in the F&B sector on the IDX. This is the main novelty of this research.

Based on the background of the proposed research, which identifies three main challenges supply chain disruptions due to the COVID-19 pandemic, inflationary pressures, and changes in people's consumption patterns this study formulates five research questions. The COVID-19 pandemic acted as an initial exogenous shock that forced companies to radically adapt to new operational realities, with the food and beverage sector showing heterogeneous impacts across segments, indicating that granular analysis is essential to understand the determinants of success. The research questions address whether capital structure, profitability, and liquidity have direct effects on firm value in food and beverage manufacturing companies during 2020–2024, and whether liquidity moderates the influence of capital structure and profitability on firm value.

The main objective of this study is to empirically examine the influence of capital structure and profitability on firm value in the F&B sector, as well as to analyze the moderating role of liquidity in these relationships. Specifically, this study aims to analyze the effects of profitability, capital structure, and liquidity on firm value, and to examine whether liquidity moderates the relationship between capital structure and firm value, as well as between profitability and firm value, in food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period. As such, this research is not only academically relevant, but also has broad practical implications in the context of financial decision-making, investment, and industrial policy. Through an integrative and theory-based approach, this research seeks to bridge the gap between concepts and practices in corporate value management.

METHOD

Types of Research

This study used a quantitative approach that aims to analyze the influence of capital structure on the value of companies in the food and beverage manufacturing sector in Indonesia. This type of research was chosen because it can provide objective and measurable data, and allows researchers to conduct robust statistical analysis. According to Sugiyono (2018), quantitative research is research that focuses on testing hypotheses that have been formulated previously using numerical data. In this context, measurements are carried out through the collection of data from the company's financial statements and other relevant information.

The quantitative approach also allows researchers to use multiple regression analysis methods, which can measure the simultaneous influence of several independent variables on dependent variables. It is very important to understand how the capital structure simultaneously affects the value of a company. This research is expected to provide deeper insights into the factors that contribute to the company's value in this highly competitive sector.

Population and Sample

Population

The population in this study is all manufacturing companies engaged in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. According to data from the Financial Services Authority (OJK), there are 52 companies listed in the food and beverage sub-sector (industry code IDXFOODBEV) on the IDX as of December 2024 (IDX, 2024). This figure refers to the list of active issuers of the F&B sub-sector that have complete financial statements and are not in a suspended status. This population was chosen because it has homogeneous operational characteristics, is regulated by the same authorities (BPOM and OJK), and operates in a similar domestic market, so that it can provide a representative picture of the research variables.(EIB , 202 4)

Sample

The sample of this study was taken from 52 population companies that have been determined, taking into account certain criteria such as companies listed on the Indonesia Stock Exchange in the food & beverage sector 2020–2024, having complete financial statements during the study period, and not undergoing delisting. Based on the results of purposive sampling, 35 companies were obtained that met all of these criteria. However, after combining panel data for 4 periods (2021–2024) by taking into account companies that have newly listed and that have incomplete data in a given year, the total observations used in the analysis are 208 observations from 52 cross-section companies (unbalanced panel). The cross-section number of 52 reflects the variation in the year of listing F&B companies on the IDX during the 2021–2024 period, where several companies entered or exited the active listing on the IDX. The selection of the right sample is essential to ensure the validity and reliability of the research results.(EIB , 202 4)

Sampling Techniques

The sampling technique used in this study is purposive sampling, where the researcher selects samples based on certain criteria that are relevant to the research objectives. These criteria include companies listed on the IDX, have complete financial statements for the 2020–2024 period, and actively operate in the food and beverage sector. This method allows researchers to select the most representative and relevant sample to the research focus.

Data and Data Sources

This research uses secondary data, namely obtained from the company's annual report, financial data published by the IDX, and related information from reliable sources such as the OJK and the Central Statistics Agency (BPS). This secondary data is used to analyze the company's liquidity, including the company's capital structure, growth, and value. The use of secondary data allows researchers to obtain broader and more comprehensive information without having to incur high costs for primary data collection.

Data Collection Techniques

The data collection techniques used in this study include secondary data collection. Secondary data is obtained through the collection of relevant documents and reports so that it can provide accurate and relevant data to the research objectives. The data collection process is carried out carefully to ensure the quality and reliability of the information obtained. In addition, the researcher also observed management practices applied in the sample companies.

Data Analysis Methods

Descriptive Analysis

Descriptive analysis was carried out to provide an overview of the characteristics of the collected data. In this study, descriptive analysis will include measurements of the average, median, and standard deviations of the variables studied, such as the capital structure and value of the company. In addition, descriptive analysis will also present a frequency distribution to describe the distribution of data. It is important to understand the patterns and trends present in the data before conducting further analysis.

Panel Data Regression Analysis

After conducting a descriptive analysis, the next step is to conduct multiple regression analysis to test the simultaneous influence of the independent variable of the capital structure on the dependent variable (company value). This method is used to find out how much each variable contributes to the company's value. The results of multiple regression analysis will provide important information about the relationship between the variables studied, as well as the significance of their influence.

Moderated Regression Analysis Model based on Panel Data

This study uses a regression model estimation method using panel data. It can be done through three approaches, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM). The following are the applications of the three regression models applied in this study:

Common Effect Model (CEM)

In the *common effect model*, it is assumed that there is no difference between the intercept value and the slope in the regression result either on the basis of differences between individuals or between times. The parameter estimation method in the *common effect model* uses the *Ordinary Least Square method*.

Fixed Effect Model (FEM)

The Fixed Effect Model is a model that shows that there is a difference in the interception of each individual (entity), but the interception of that individual does not vary with time (constant). Thus, the fixed *effect model* assumes that the slope coefficient does not vary over individuals or time. According to Ghazali (2018:223), the advantage of this method is that it can distinguish between individual effects and time effects, and this model is needed using the assumption that the error component is not correlated with the free variable. The following are the results of the regression of panel data with *the Fixed Effect Model*:

Random Effect Model (REM)

The panel regression model assumes that the interference variable or *error term* has a relationship between individuals and between times. The method of estimating panel data regression in the *random effect model* uses the *Generalized Least Square* (GLS) method. The following is the output of the regression panel data with *the Random Effect Model*.

Selection of the Best Panel Model (CEM, FEM, REM)

To determine which model is the most appropriate among Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), we can't go straight using the Hausman Test. There is a systematic sequence of testing:

1. Chow Test

Objective: Choose between CEM and FEM.

Hypothesis:

- H₀: The right model is Common Effect (CEM).
- H₁: The right model is Fixed Effect (FEM).

Verdict:

- If the value of Prob. F < 0.05, then H₀ rejected. The model chosen is FEM. Proceed to Hausman Test.
- If the value of Prob. F > 0.05, then H₀ accepted. The model chosen is CEM. Proceed to the Lagrange Multiplier (LM) Test.

Hausman Test (Hausman Test)

Objective: Choose between FEM and REM. (This test is only performed if the Chow Test recommends FEM).

Basis of Thought: This test looks at whether there is a correlation between the error component (individual effect) and the independent variable.

- FEM assumes that there is a correlation.
- REM assumes no correlation.

Hypothesis:

- H₀: The right model is Random Effect (REM).
- H₁: The right model is Fixed Effect (FEM).

Verdict:

- If the value of Prob. Chi-Square < 0.05, so H₀ rejected. The model chosen is FEM.
- If the value of Prob. Chi-Square > 0.05, so H₀ accepted. The model chosen is REM.

3. Lagrange Multiplier Test (LM Test)

Objective: Choose between CEM and REM. (This test is performed if the Chow Test recommends CEM).

Hypothesis:

- H₀: The right model is Common Effect (CEM).
- H₁: The right model is Random Effect (REM).

Verdict:

- If the value of Prob. Breusch-Pagan < 0.05, then H₀ rejected. The model chosen is REM.
- If the value of Prob. Breusch-Pagan > 0.05, then H₀ accepted. The model chosen is CEM.

Moderated Regression Analysis Test based on Panel Data

Once you've got the best model (for example, the selected FEM), you can proceed to the moderation test. The moderation test aims to see if there are variables (moderator variables) that strengthen or weaken the relationship between independent variables and dependent variables. A commonly used method is Moderated Regression Analysis (MRA), which is done by creating interaction variables.

1. Moderation Test Steps:

Define Variables:

y = dependent variable

X = Independent Variable

Z = Moderator Variable

2. Create an Interaction Variable: Create a new variable that is the result of multiplication between the independent variable (X) and the moderator variable (Z). Let's call this variable X x Z.

3. Form the Regression Equation: Insert these interaction variables into the panel regression model you have selected (CEM, FEM, or REM). The equation will generally look like this:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_1 \times Z) + \beta_5 (X_2 \times Z) + \varepsilon$$

4. Interpretation of Results: Your main focus is on the coefficient of the interaction variable (B3):

- If the B3 coefficient is significant (for example, p-value < 0.05):
 - That is, the Z variable has been shown to moderate the relationship between X and Y.
 - If B3 is positive, Z strengthens the \$X\$ relationship to Y.
 - If B3 is negative, Z weakens the relationship of X to Y.
- If the B3 coefficient is insignificant (p-value > 0.05):
 - This means that the Z variable is not a moderator variable.

RESULTS AND DISCUSSION

Descriptive Analysis

The first variable, capital structure, shows a range from -26,358 to 94,937, with an average of 1,445 and a standard deviation of 6,440. This shows quite significant variation, indicating that although there are companies with extreme value, most have a positive capital structure. Profitability has a range from -0.517 to 2.491, with an average of 0.074. This shows that many companies operate on thin margins, while the standard deviation of 0.240 indicates a not very large variation.

The company's value varies from -34,508 to 42,685 with an average of 2,095. This range reflects the presence of a company with a negative market value, possibly due to high debt or other problems. With a standard deviation of 3,939, there is a significant variation in the company's value. Meanwhile, Liquidity shows a range from 0.000 to 13.396, with an average of 2.151. The standard deviation of 2,133 indicates a significant difference in performance between companies, indicating that some companies are performing much better or worse than others.

Overall, this data indicates significant variation among companies in terms of capital structure, profitability, value, and liquidity. Further analysis is needed to explore the factors influencing these differences, which can provide deeper insights into the dynamics and challenges faced in the company's financial management.

Classic Assumption Test

Data Normality Test

The data normality test was carried out using Jarque-Berra analysis with the condition that the data was declared to have passed if the significance value > 0.05. However, this applies to < 30 data. If the data > 30, then the data normality test can be ignored (Ruth Pranadipta & Natsir, 2023).

Based on the results of the Jarque-Berra calculation in this study, it is as large as $0.000 < 0.05$ which shows that the data is not normally distributed in this study. However, the normality test can be ignored because the number of data is $295 > 30$ data.

Data Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between one or all independent variables. A good regression model should not have a correlation between independent variables, however, if a correlation occurs, there is a multicollinearity problem, it is better to remove one of the existing independent variables from the model, and then the regression model is repeated. The basis for this decision is that if the Variance Inflation Factor (VIF) is > 10 , then there is a problem of multicollinearity, while if the value of the Variance Inflation Factor (VIF) is < 10 , then there is no problem of multicollinearity.

It is known that the value of the Variance Inflation Factor (VIF) for all variables is < 10 . It can therefore be concluded that the data does not have a multicollinearity problem.

Data Heteroscedasticity Test

In the multiple regression equation, it must be tested about whether or not the variance of the residual between one observation and the other observation must be tested. If the residuals have the same variance, then Homoskedasticity occurs and if the variance is not the same or different, heteroscedasticity occurs. The basis for decision-making is that if the independent variable has a significance value of > 0.05 , then heteroscedasticity does not occur and if the significance value is < 0.05 , heteroscedasticity occurs. In this test, the Brusche-Pagan Test method is used, which is one of the ways that can detect the presence or absence of heteroscedasticity symptoms in the regression model.

Based on the test results shown in the table above, the probability value for Obs*R-squared is $8.649801 > 0.05$. Therefore, it can be concluded that **there are no symptoms of heteroscedasticity**.

Data Autocorrelation Test

The Autocorrelation test was performed using Durbin Watson Analysis. Provided that the data passes autocorrelation if the DD value is between -2 and 2 Here are the results:

Table 1. Autocorrelation Test Results (Durbin-Watson)

Dependent Variable: Y				
Method: Least Squares				
Date: 11/01/25 Time: 10:17				
Sample: 1 295				
Included observations: 295				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.215513	0.237874	5.109900	0.0000
Capital Structure	0.439750	0.025464	17.26916	0.0000
Reliability	1.480375	0.688525	2.150066	0.0324
Liquidity	0.062707	0.077008	0.814287	0.4161
R-squared	0.506189	Mean dependent var		2.095117
Adjusted R-squared	0.501098	S.D. dependent var		3.939418
S.E. of regression	2.782528	Akaike info criterion		4.898064
Sum squared resid	2253.057	Schwarz criterion		4.948057
Log likelihood	-718.4644	Hannan-Quinn crister.		4.918082
F-statistic	99.43141	Durbin-Watson stat		1.214159
Prob(F-statistic)	0.000000			

Source : Processed Data Eviews 12 (2025)

Durbin-Watson stat score : 1.264

Based on the results of the calculation above, the results of the DW calculation were obtained. This shows **that there are no autocorrelation symptoms in this study.**

Determination of Panel Data Regression Model

Test-Chow

To find out which model is better between the common Effect Model (CEM) and the Fixed Effect Model (FEM) in the panel data test. If the value of P is >0.05 then the selected model is Common Effect Model (CEM), but if $P < 0.05$ then the Fixed Effect Model (FEM).

Based on this test, it shows that the *Probability Period Chi-square* value is $0.000 < 0.05$, so the ***Fixed Effect Model*** is more accurate than the Common Effect Model. So it can be concluded that the chow test on variable Y shows ***the Fixed Effect Model*** is more accurate than the Common Effect Model.

Housman Test

The Hausman test aims to determine the best model between random effect and fixed effect that should be done in panel data modeling. The basis for decision-making in the thirist test is seen from the probability value of random cross-section. If the probability value of the cross-section is random < 0.05 , then the chosen model is a fixed effect. If the probability value of the cross-section is random > 0.05 , then the chosen model is a random effect.

Based on the test, it shows that the *Probability Period Random* value is $0.0142 < 0.05$, so ***the Fixed Effect Model*** is more appropriate than the Random Effect Model. So it can be concluded that Housman's test on variable Y shows ***that the Fixed Effect Model*** is more accurate than the Random Effect Model.

Hypothesis Testing

Based on the model tests that have been carried out, it is determined that ***the Fixed Effect Model*** is more appropriate in this study. The Influence of Capital Structure on Company Value

H1 : Capital structure has a significant effect on the Company's value

Based on the results of the hypothesis test, a significance value of $0.0393 < 0.05$ (significant) was obtained with a coefficient value of -0.513113. This shows that the first hypothesis in this study is accepted which shows that Capital Structure has a significant effect on Company Value.

The Effect of Protitability on Company Value

H2 : Profitability has a significant effect on the value of the company

Based on the results of the hypothesis test, a significance value of $0.0179 < 0.05$ (significant) was obtained with a coefficient value of -2.0991. This shows that the second hypothesis in this study is accepted which shows that Profitability has a significant effect on Company Value.

The Effect of Liquidity on Company Value

H3 : Liquidity has a significant effect on the value of a company

Based on the results of the hypothesis test, a significance value of $0.0014 < 0.05$ (significant) was obtained with a coefficient value of -0.5504 . This shows that the third hypothesis in this study is accepted which shows that Liquidity has a significant effect on the Company's Value.

Liquidity Moderation on the Influence of Capital Structure on Company Value

H4 : Liquidity affects the relationship of capital structure to the value of the company

Based on the results of the hypothesis test, a significance value of $0.0151 < 0.05$ (significant) was obtained with a coefficient value of 0.568077 . This shows that the fourth hypothesis in this study is accepted which shows that Liquidity affects the relationship of capital structure to the value of the company.

Liquidity Moderation on the Effect of Profitability on Company Value

H5 : Liquidity affects the relationship of Profitability to the value of the company

Based on the results of the hypothesis test, a significance value of $0.0000 < 0.05$ (significant) was obtained with a coefficient value of 4.266976 . This shows that the fifth hypothesis in this study is accepted which shows that Liquidity affects the relationship between profitability and company value.

The Influence of Capital Structure on Company Value

The test results show that the capital structure has a significant effect on the value of the company, with a significance value of $0.0393 < 0.05$, with a coefficient of -0.513 . H1 accepted: Capital Structure has a negative and significant effect on the Company's Value. This negative direction is consistent with the Trade-Off Theory (Modigliani & Miller, 1963): when the DER exceeds the optimal point, the bankruptcy costs and debt agency fees exceed the benefits of the tax shield, so that the value of the company is eroded. This strengthens the first hypothesis and shows that capital structure is an important determinant in the formation of a company's value.(Maulana & Ardini, 2024)

In addition to reinforcing the validity of the first hypothesis, these results also confirm that capital structure is not just a financial technical decision, but a corporate strategy that has a direct impact on investor perception and market valuation. In the context of food and beverage companies, which tend to be capital-intensive and production-volume-oriented, financing decisions have long-term consequences for business competitiveness and sustainability.(Amilia Dwi Suryani¹ , Nofia Erinda Kusumastuti², Rendra Bagas Pandu Cahyanto³, 2023)

Sectorally, the food and beverage industry in Indonesia faces challenges such as fluctuations in raw material prices, distribution pressures, and changing consumer preferences. In these conditions, companies that have access to external financing through debt can be more flexible in responding to market dynamics. Therefore, an aggressive capital structure can be a competitive advantage if managed with good financial discipline.(Kurniawan & Menik Indrati, 2025)

From the perspective of Agency Theory, the use of debt can also serve as a disciplinary mechanism for management. When a company has interest and principal payment obligations, management is encouraged to be more efficient and focus on value creation. This reduces the likelihood of opportunistic behavior and increases internal accountability.(Turrohma & Sudiyatno, 2023)

In volatile market conditions or when a company experiences a decline in operational performance, debt can be a burden that lowers the value of the company. Therefore, these results must be understood in the context of the sector and time period of the study, i.e. 2020–2024, which includes the pandemic period and economic recovery.(Oktaviana & Rosita, 2023)

Methodologically, a very strong statistical significance ($p = 0.0393$) suggests that modal structure has a consistent and dominant contribution in the regression model. A coefficient of -0.51311 also indicates substantial relationship strength, not just a weak relationship or statistical coincidence. This strengthens the reliability of the findings and the relevance of the variables in the context of the study.

For investors, this result signals that the DER ratio can be used as an initial indicator in the screening of stocks in the food and beverage sector. However, investors also need to consider the company's operational context and strategy so as not to get stuck in quantitative valuations alone(Zulman & Abbas, 2017).

For the company's management, these results confirm the importance of strategic and long-term oriented capital structure planning. The use of debt should be associated with productive projects that have a direct impact on revenue growth and operational efficiency.

In terms of public policy, these results support the need to strengthen financial reporting regulations, especially related to the disclosure of capital structure and the use of debt funds. This transparency is important so that investors can objectively assess the company's risks and potential.

In an academic context, these results open up space for further exploration regarding the interaction between capital structure and other variables such as company size, ESG strategy, or brand reputation. Advanced research can use data panel approaches or structural models to capture more complex relationship dynamics.

Overall, the structure of capital proved to be a variable that was not only statistically significant, but also strategically and practically relevant. Wise management in managing debt can create sustainable added value for companies, investors, and other stakeholders.(Hermuningsih, 1998)

As such, these results make an important contribution to the corporate finance literature and managerial practices in the food and beverage sector, as well as provide a solid basis for more careful and contextual investment policy and strategy recommendations.

The Effect of Profitability on Company Value

Based on the results of statistical testing, Profitability is proven to have a negative and significant effect on Company Value ($\beta = -2.099$; $t = -2.386$; $p = 0.0179 < 0.05$). H2 accepted: Profitability has a significant effect on the Company's Value. Although this negative direction seems paradoxical from the perspective of Signaling Theory (Ross, 1977), it can be explained through two mechanisms: First, during 2021–2024 many F&B companies recorded high ROA due to cost-cutting efficiency rather than organic growth investors recognize that this kind of profitability is not sustainable and therefore does not drive PBV expectations (Ramelli &

Wagner, 2020). Second, in volatile market conditions, earnings quality is more important than the amount of ROA alone. From a Resource-Based View (RBV) perspective, these findings show that the food and beverage companies studied have a competitive internal resource advantage. This is in line with Barney's (1991) statement that stable profitability reflects a company's ability to manage valuable and hard-to-replicate resources. Furthermore, the ability to control costs and maintain margins in the midst of fierce competition attests to operational efficiency which, according to Grant (2010), will build market confidence in the company's fundamentals to grow in the long term.

In the context of the food and beverage industry in Indonesia, profitability is a very crucial indicator of health. This is in line with the view of Tandelilin (2017) that in the consumer goods sector that has a fast cash turnover, profitability is the main parameter of efficiency. Furthermore, the company's ability to maintain margins in the midst of fluctuations in global commodity prices, according to Sartono (2015), is a reflection of superior managerial quality. This is what encourages the market to give appreciation in the form of higher company value because investors view the company as having solid fundamentals (Prastowo, 2021).

In the context of the food and beverage industry in Indonesia, profitability is a very crucial indicator of health. This is in line with the view of Tandelilin (2017) that in the consumer goods sector that has a fast cash turnover, profitability is the main parameter of efficiency. Furthermore, the company's ability to maintain margins in the midst of fluctuations in global commodity prices, according to Sartono (2015), is a reflection of superior managerial quality. This is what encourages the market to give appreciation in the form of higher company value because investors view the company as having solid fundamentals and measurable risk (Sholekah & Oktaviani, 2022).

These findings provide an important message to management that strengthening profitability is the key to increasing investment attractiveness. In line with the opinion of Brigham & Houston (2019), profitability is a determining factor that guarantees returns for investors. The company's success in converting revenue into net profit is valid proof for investors that product innovation and distribution efficiency have yielded real results. According to Grant (2010), this kind of operational efficiency is a form of fundamental competitive advantage. Therefore, companies need to continue to maintain superior financial performance as a strategy to strengthen market positions and build long-term investor loyalty (Prastowo, 2021).

Methodologically and theoretically, the significance found in this model confirms that profitability is the dominant variable in determining the value of a company. These results are consistent with the opinion of Tandelilin (2017) who stated that in a developing capital market such as Indonesia, short-term financial performance remains the main indicator for investors in assessing the intrinsic value of a company. This is also supported by Sartono (2015) who emphasizes that net profit is the most credible representation of a company's capabilities, so that in the food and beverage industry, profitability is the main determining factor in market perception of company valuation (Sholekah & Oktaviani, 2022).

The Effect of Liquidity on Company Value

Based on the results of statistical testing, Liquidity is proven to have a negative and significant effect on the Company's Value ($\beta = -0.550$; $t = -3.238$; $p = 0.0014 < 0.05$). H3 accepted: Liquidity has a significant effect on the Company's Value. This direct negative

influence can be explained through Agency Cost Theory (Jensen, 1986): Too high a CR indicates idle cash or inefficient working capital management excessive current assets are not used productively thus lowering investors' expectations of PBV. Interestingly, this direct negative impact is dramatically reversed when Liquidity interacts with Capital Structure (H4) and Profitability (H5), confirming that the role of Liquidity moderation is much more dominant and strategically valuable.

In a theoretical perspective, a very high CR in the F&B industry can be viewed as sub-optimal cash management. Institutional investors are more appreciative of companies that allocate excess cash for expansion, product innovation, or dividends rather than holding current assets excessively. Therefore, the direct negative influence of CR on PBV actually reflects high market expectations for productive use of cash (Brigham & Houston, 2019).

Nevertheless, liquidity remains a crucial strategic variable in this study, as reflected by its very strong moderation role on H4 and H5. In the food and beverage industry, the optimal balance between cash availability and the efficiency of working capital use is a rare and high-value managerial competence. Companies that are able to maintain CR at optimal levels not too low (default risk) and not too high (idle cash) will get maximum market appreciation, especially when combined with strong profitability (Sartono, 2015).

A very sharp significance ($p = 0.0014$) confirms that the relationship between liquidity and company value is real and consistent in the data of this panel. Managerial implications: F&B companies need to set optimal CR targets enough to guarantee short-term solvency, but not so much that they come at the expense of profitability and growth. This balance will be optimized through the role of Liquidity moderation which has proven to be strong in H4 and H5 (Prastowo, 2021).

Methodologically, these findings emphasize that liquidity is one of the main pillars of issuers' financial health. For food and beverage companies in Indonesia, maintaining optimal liquidity levels is not just a short-term compliance, but a fundamental strategy to build a positive reputation and investor loyalty in the capital market.

The Role of Liquidity in Moderating the Influence of Capital Structure on Company Value

Based on the results of statistical testing, Liquidity is proven to be significantly able to moderate (strengthen) the influence of Capital Structure on Company Value. This is indicated by a significance value of $0.0150 < 0.05$. These findings indicate that the effectiveness of the use of debt (capital structure) in increasing the value of the company is highly dependent on the level of liquidity that the company has.

These results show that investors give higher appreciation to companies that have debt (leverage) but are still supported by strong cash availability. High liquidity reduces the financial risks that may arise from the use of debt, so that the Capital Structure can work optimally in funding expansion activities that increase the company's valuation (Brigham & Houston, 2019).

One possible explanation is that investors assess capital structure independently of Liquidity indicators. The DER ratio as an indicator of leverage is strong enough to provide a signal of the company's risk and potential. (Irawan et al., 2022)

Based on the Resource-Based View (RBV), liquidity serves as a complementary resource that makes capital structure strategies more competitive. Companies that are able to combine external capital with excellent cash management have proven to have advantages in creating

added value for shareholders compared to companies that only rely on one of them (Sartono, 2015).

Methodologically, the significance value of 0.015 emphasizes the position of Liquidity as a highly relevant moderation variable. These findings provide important implications for management that in order to optimize the impact of Capital Structure on Company Value, companies are required to maintain a healthy level of liquidity to maintain investor trust and loyalty in the capital market.

Thus, Liquidity is proven to strengthen the influence of Capital Structure on Company Value. This means that when a company has a high level of liquidity (CR), the positive impact of capital structure management on market valuation becomes stronger and more significant. Adequate liquidity serves as what converts the financing strategy into real value in the eyes of investors, as the ability to pay short-term liabilities provides assurance that the leverage taken by the company is manageable and does not jeopardize operational continuity (Brigham & Houston, 2019; Sartono, 2015).

The managerial implication of these findings is that F&B manufacturing companies should not focus solely on debt ratio optimization, but should simultaneously ensure that cash reserves and current assets (CR) are at adequate levels. Financial strategies that integrate leverage and liquidity management synergistically have proven to be more effective in increasing the perception of corporate value in the Indonesian capital market.

Liquidity Moderation on the Effect of Profitability on Company Value

Based on the results of statistical testing, it was found that Liquidity was proven to significantly moderate (strengthen) the influence of Profitability on Company Value. This is shown by a very sharp significance value of $0.0000349 < 0.05$. These findings confirm that the optimal availability of current assets is a key factor that multiplies the positive impact of a company's profits on market valuations.

Theoretically, these results provide strong empirical support for Signaling Theory. High profitability is a positive signal, but the market will appreciate much more if it is backed by strong liquidity. Investors view that the profits generated by companies are really quality (high-quality earnings) because they are supported by real cash flow, thus drastically increasing market confidence (Brigham & Houston, 2019).

Based on the Resource-Based View (RBV) perspective, the interaction between profitability and liquidity is a form of competitive internal resource synergy. In the food and beverage industry, companies that are able to generate profits while maintaining cash availability have higher competitiveness to innovate and expand without financial barriers (Barney, 1991).

Liquidity was proven to significantly strengthen the influence of Profitability on Company Value (interaction coefficient = 4.267; $p = 0.0000$). This enormous value of the coefficient indicates a remarkable synergy between the two variables: any increase in profitability accompanied by strong liquidity will result in a surge in the value of the company that far exceeds the effects of each variable separately. Indonesian stock market responds to a combination of high ROA and high CR as a signal of Premium quality company which has profits that are not only large, but also real and sustainable (Tandelilin, 2017; Barney, 1991).

In the food and beverage industry in Indonesia, the variables of Profitability, Liquidity, and Capital Structure do not stand alone. They interact with each other because of the characteristics of this sector which is capital-intensive but has a fast product turnover. Investors will provide a high Company Value only if these three variables are in balance: large profits (Profitability), measurable debt (Capital Structure), and cash on hand (Liquidity). (Tandelilin, 2017)

CONCLUSION

This study concluded that capital structure, profitability, and liquidity each have significant negative direct effects on firm value, consistent with Trade-Off Theory, signaling concerns over earnings sustainability, and Agency Cost Theory (idle cash), respectively. However, liquidity significantly strengthens the relationship between capital structure and firm value, as well as between profitability and firm value, with the moderating effect on profitability being the strongest finding in this study (interaction coefficient = 4.267, $p = 0.0000$). These findings confirm that liquidity functions as a strategic moderating factor that converts financial decisions into market value, particularly when combined with high profitability. Based on these findings, it is recommended that F&B companies adopt an integrated financial strategy that balances leverage optimization with adequate liquidity management, rather than focusing on debt or cash management separately. For investors, these results suggest that evaluating firms with moderate leverage and healthy liquidity levels offers better risk-adjusted returns than those with extreme financial positions. For policymakers, this study supports the need for regulations that encourage transparent liquidity and leverage reporting, enabling more informed investment decisions. Future research is encouraged to incorporate additional variables such as firm size, growth opportunities, dividend policy, or ESG factors, and to extend the analysis to other sectors or longer time periods to further validate the moderating role of liquidity across different market conditions..

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