

**IMPACT OF FINANCIAL PERFORMANCE, LIQUIDITY AND  
CAPITAL STRUCTURE ON COMPANY VALUE  
(Empirical Study of Food and Beverage Sub- Sector Companies  
Listed on The Indonesia Stock Exchange)**

Firda Aulia Sofieka<sup>1</sup>, Anita Munir<sup>2</sup>

TANRI ABENG UNIVERSITY

Email: [firdha.aulia@student.tau.ac.id](mailto:firdha.aulia@student.tau.ac.id); [munir.anita@tau.ac.id](mailto:munir.anita@tau.ac.id)

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**Abstract**

This research was conducted to determine the relationship and influence between financial performance, liquidity and capital structure on firm value. A total of 14 food and beverage companies were sampled using a purposive sampling technique. The data analysis tool uses the SPSS 25 program using multiple linear regression analysis methods. The independent variables in this study are measured by Return on Assets, Current Ratio and Debt to Equity Ratio. While the dependent variable is measured using the Price Book Value. The standard significance level in this study was 5%. This study produces data that stimulant ratios of financial performance, liquidity, and capital structure have a significant effect on firm value while partially ROA and DER have a positive effect on PBV, DER has no significant effect on PBV.

**Keywords:** Financial Performance, Liquidity, Capital Structure and Company Value

**Introduction**

Business development in the era of globalization and Covid-19 has accelerated business development, including the food and beverage consumption sub-sector business. In addition, the development of this business has created intense competition between the food and beverage industry. The ongoing situation makes the company must maintain the company's performance to obtain good company value.

To determine a good company value, several components are needed, one of which is financial performance, liquidity and capital structure. The company's financial performance is our way of knowing the company's level of success in obtaining profits, to measure financial performance we can use Return on Assets. This ratio is used to determine the comparison between the profits earned

by the company and the assets it owns. Ayuningrum et al (2021). Then we can determine the value of the company with its liquidity as measured by the current ratio, namely how the company fulfills its current obligations. Dewi & Abundanti (2019), this ratio is a comparison between the company's current assets and its current liabilities. In addition, to determine the value of the company, you can use the capital structure as measured by the Debt to Equity Ratio to find out what creditors give to company owners Kurniasari (2020). This ratio is a comparison between the total debt and equity owned by the company.

In fact, the impact of Covid-19 has not had much impact on the consumer goods industry sector because food and beverages are goods that are needed every day. According to data obtained through [www.kemenperin.go.id](http://www.kemenperin.go.id) it is stated that the food and beverage industry continues to grow by 3.68% in the second quarter of 2022. These conditions state that the food and beverage consumption goods sub-sector continues to increase every year despite the pandemic. covid-19. The Director General of Agro, Ministry of Industry (Kemenperin) stated, for the January-June 2022 period, export conditions for food and beverage products increased by 9% compared to 2021. Thus, a total of 14 food and beverage sub-sector companies in 2019-2022 were used as samples in this study. Financial performance with ROA indicators, liquidity with CR indicators and capital structure with DER indicators. In this study, researchers took research sources through journals published by Google Scholar, apart from that, in this study, data was also obtained from the website [www.idx.co.id](http://www.idx.co.id), namely data for the 2019-2022 semester.

## Literature Review

### *Financial Performance*

Financial performance is one of the factors to determine the value of the company, the company's financial performance can be determined through the profitability ratio, namely the ratio to see how the company's ability to obtain profits with a predetermined time. Profitability is very important to maintain the company's condition in a competitive environment Munir (2017). One of the measurements of Profitability in a company, namely Return on Assets, ROA is a description of the company in managing assets owned by Syawia & Marlius (2017).

$$ROA = \frac{Net\ Income}{Total\ Assets} \times 100\%$$

### *Liquidity*

Liquidity is an illustration of how the company's ability to meet its short-term obligations in a timely manner. The liquidity owned by a company can describe how short-term credit risk and the level of efficiency the company has in using its short-term assets Saputri & Giovanni (2021). One measure of company liquidity is to use the Current Ratio, CR is used to measure a company's ability to fulfill its short-term obligations Uli et al (2020).

$$CR = \frac{Current\ Asset}{Current\ Liabilities}$$

### *Capital Structure*

Capital structure is a combination of debt and equity owned by the company. A good capital structure in the company reflects that the company can properly use funds from its capital Yanti & Munir (2021). The capital obtained by the company can be through its own capital from the company or foreign capital or debt owned by the company. One measure in determining the capital structure is the Debt to Equity Ratio, DER is the ratio used to determine the value of debt to equity.

$$DER = \frac{Total\ Debt}{Equity}$$

### *Company Value*

Company value is the price offered to buyers or investors, when a company has a high value, investors will get a lot of profit. Therefore, company value is a measure to determine the success of a company, investors are more interested in investing in companies that will provide large profits Rahayu & Sari (2018). When the company's value is good, the company's performance is also good. To determine the value of the company can use the Price Book Value, PBV is the ratio between the market price of a stock with its book value.

$$PBV = \frac{Market\ Price\ per\ Share}{Book\ Value\ per\ Share}$$

### **Research Methodology**

This research is a quantitative research with a verification descriptive analysis research method. This study uses secondary data, namely through the semi-annual Indonesia Stock Exchange for food and beverage companies in 2019-2022. The purpose of the descriptive analysis of verification is to explain the truth between the facts that have been described in the research while the verification is to explain the relationship between the variables studied by collecting data, processing data, analyzing data and explaining the truth and truth. facts from the data studied. For data processing methods, researchers used the SPSS version 25 program. This research method used multiple linear regression. The hypothesis tested in this study can be stated as follows:

Hypothesis 1: Return on Assets has a significant effect on Price Book Value

Hypothesis 2: Current Ratio has a significant effect on Price Book Value

Hypothesis 3: Debt to Equity Ratio has a significant effect on Price Book Value

Hypothesis 3: Return on Assets, Current Ratio, Debt to Equity Ratio has a significant effect on Price Book Value

### **Results And Discussion**

In this study, to answer the hypothesis formulation and obtain research results, the F test and T test could be used. The F test was conducted to determine whether there was a stimulant effect between the independent variables and the dependent variable, while the T test was carried out to see the effect between each independent variable. and the dependent variable in the study.

*Significant Simultaneous Test (F Test)*

The stimulant significance test aims to be able to compare the significance values of  $F_{table}$  and  $F_{count}$  with a significance of less than 0.05 or <5%.  $F_{count} < F_{table}$  then  $H_0$  is accepted and  $H_1$  is rejected and vice versa if  $F_{count} > F_{table}$  then  $H_0$  is rejected and  $H_1$  is accepted.

Where :

$H_0$ : there is no significant impact of independent variables toward dependent variable

$H_1$ : there is significant impact of independent variables toward dependent variable

		ANOVA <sup>a</sup>				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.964	3	5.988	13.345	.000 <sup>b</sup>
	Residual	46.667	104	.449		
	Total	64.631	107			

Source: SPSS Version 25

Figure 1. Significant Simultaneous Test Results (F Test)

The stimulant significant test or called the F test shows the  $F_{count}$  value of 13.345 while the  $F_{table}$  is 2.69. The conclusion that can be drawn is  $F_{count} > F_{table}$  has a significance value of 0.000 < 0.05. The conclusion obtained is that  $H_1$  is not rejected. This means that the three independent variables in the study or ROA ratio, CR ratio and DER ratio both have a significant positive effect on the PBV ratio. So that if there is an increase in the ratio of ROA, CR and DER then PBV will also increase.

*Coefficient Multiple Determination Test (R2)*

The purpose of the coefficient of determination is how the ability of an independent variable to describe and measure the ability of the dependent variable in research. Usually the R Square value is set between 0% and 100%. There is a strong correlation between the two variables, namely the independent variable and the dependent variable, so that the R Square that must be obtained is close to 1 or 100. However, when the R Square is almost close to 0, there is a weak correlation between the two variables.

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.527 <sup>a</sup>	.278	.257	.06986

Source: SPSS Version 25

Figure 2. Coefficient Multiple Determination Test Results (R2)

Figure 2 shows the results of the analysis, namely the coefficient of determination test ( $R_2$ ) can prove that the R Square value is 0.278 or 27.8%, the variables of financial performance,

liquidity and capital structure can explain the company value variable, while 0.722 or 72.2% is influenced by variables which were not presented in this study.

*Significant Partial Test (T Test)*

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.414	0.14		2.955	0.004
	ROA (X1)	0.162	0.043	0.316	3.755	0.000
	CR (X2)	0.306	0.065	0.396	4.729	0.000
	DER (X3)	0.043	0.036	0.102	1.204	0.231

Source: SPSS Version 25

Figure 3. Significant Partial Test Results (T Test)

The first hypothesis States that there is a positive and significant effect between the ratio of ROA and PBV. These results can be seen from the table above, the ROA variable has a Tcount of 3.755 and a significance of 0.000 <0.05, it can be seen that the Ttable is 1.982. the conclusion obtained is Tcount > Ttable and sig <0.05 means H1 is accepted. So with the partial test it can be concluded that the ROA ratio has a positive effect on the PBV ratio. When assets are owned by large companies, the company has good performance so that it can increase profits for the company.

The second hypothesis states that there is a positive and significant effect between the ROA and PBV ratios. In accordance with the table above, the CR variable has a Tcount of 4.729 and a significance of 0.000 <0.05, it can be seen that the T table is 1.982. So that the conclusions obtained are Tcount > Ttable and sig <0.05 means H2 is accepted. So with the partial test it can be concluded that the CR ratio has a positive effect on the PBV ratio. This shows that the company can fulfill its short-term obligations well.

The third hypothesis states that there is no significant effect between the DER ratio and the PBV ratio. The results can be seen from the table above, the DER variable has a Tcount of 1.204 with a significance of 0.231 > 0.05, it can be seen that the T table is 1.982. So that the conclusions obtained are Tcount <Ttable and sig > 0.05 meaning that H3 is not accepted. So with the partial test it can be concluded that the DER ratio has no significant effect on the PBV ratio. When a company has a high DER ratio, the greater the risk the company has, this is likely to occur because the greater the company's responsibility to pay off its capital costs.

## **Conclusion And Recommendation**

The research that has been done proves that simultaneously the factors of financial performance, liquidity and profitability have a significant effect on Price Book Value. Through the partial test that has been done, it can be concluded that the ROA variable has a positive relationship to firm value. This happens because food and beverage companies certainly have large assets to carry out their operational activities.

Through a partial test conducted to test the CR variable, it can be concluded that the CR variable has a positive relationship to firm value. This happens because a company with a high current ratio means the company is said to be liquid because it is able to pay its obligations. Through a partial test of the DER variable it is stated that the DER variable has no effect on firm value because. This happens because the company is more concerned with the profits generated by the company than the equity and debt owned by the company.

The overall conclusion that can be drawn is that the variables of financial performance, liquidity and capital structure together have an influence on firm value, this can be seen through the coefficient of determination test for the variables studied showing a value of 27.8% or 0.278 so to explain the variable firm value researched.

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