
Effect of Liquidity and Company Size on Company Value of Food and Beverage Companies Listed in The Indonesia Effects Secretary for The Period 2018-2022

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ABSTRACT

The phenomenon occurring in Food and Beverage (F&B) companies listed on the Indonesian Stock Exchange (IDX) reflects the broader development of the F&B industry in Indonesia. This research aims to provide an overview of the condition of the F&B industry in Indonesia by examining the impact of liquidity and company size on firm value. This quantitative and associative study utilizes non-participant observation to collect data from the official IDX website (www.idx.co.id) and relevant company websites, focusing on financial reports for analysis. The population consists of F&B companies listed on the IDX from 2018 to 2022. Using purposive sampling, 29 companies were selected, resulting in a total of 145 observations over five years. Data analysis was conducted using the E-Views application. The results indicate that both liquidity and company size have a positive and significant effect on firm value. Recommendations for company management include optimizing inventory to ensure smooth operations and minimizing storage costs. Investors are advised to consider liquidity ratios, such as the current ratio and quick ratio, to assess a company's ability to meet short-term obligations. Future research should incorporate additional variables such as leverage, capital structure, and governance, employing both qualitative and quantitative approaches to gain a deeper understanding of these relationships. Comparing results across different contexts can also enhance understanding.

Keywords: Liquidity, Company Size, The Value of The Company.

INTRODUCTION

One very important concept in the business world is company value. This value is a reflection of public trust in the company after its performance, which is reflected in the share price which is formed by supply and demand in the capital market (Brigham & Daves, 2019). Company values are very important to many people; for example, company owners believe that high values indicate good performance and bright prospects and can increase their trust in the company. If a company's value is high, it has the potential to provide large profits for investors. Investors may want to invest in the company. The role of the government shows that companies have an important role in the economy, and high company value can encourage the government to help (Sari & Purbowati, 2023).

A factor that can influence company value is the liquidity ratio, namely the ability of assets to be converted into cash quickly and easily without losing their value. Companies with high liquidity will find it easier to obtain funds and grow because they can easily sell their assets to obtain funds (Saputri & Giovanni, 2021). By reducing the cost of capital, liquidity can increase company value. Companies with high liquidity will find it easier to obtain funds because they have more assets that can be sold to obtain funds if needed (Rahmatullah, 2019).

The size of the company is considered to have an impact on the value of the company because the continued increase in company value makes it easier for the company to obtain funding income that can be used to achieve company goals, but on the other hand, it can give rise to large debts because the risk of the company fulfilling its obligations is quite small (Amin, Utami, & Aji, 2021). Larger companies have more resources and the ability to generate greater cash flow because they usually have more customers and revenue. Larger companies usually have greater economies of scale, which allows the company to produce products or services at lower costs. Companies with greater economies of scale can usually purchase raw materials and equipment in large quantities, which allows the company to obtain price discounts, larger purchasing volumes and the ability to demand lower supplier prices. Larger companies usually have greater bargaining power. greater impact on suppliers and customers (Dao & Ta, 2020).

This research aims to analyze the impact of liquidity and company size on firm value in the food and beverage (F&B) industry listed on the Indonesian Stock Exchange (IDX). The study provides an overview of the condition of the F&B industry in Indonesia by examining financial data from 2018 to 2022 using e-Views. The results indicate that liquidity and company size have a positive and significant effect on firm value. The research offers benefits by providing recommendations for company management to optimize inventory and minimize storage costs, and by advising investors to consider liquidity ratios in assessing a company's ability to meet short-term obligations. Additionally, this study lays the foundation for future research by suggesting the inclusion of other variables, such as leverage, capital structure, and corporate governance and by encouraging the use of both qualitative and quantitative approaches to deepen the understanding of these relationships.

RESEARCH METHOD

This research is quantitative research. This research comes from secondary data in the form of the company's annual financial report, which lists food and beverages on the Indonesia Stock Exchange from 2018 to 2022. The research population was 86 companies. The sampling technique uses purposive sampling, so we got 29 food and beverage companies listed on the Indonesian Stock Exchange from 2018 to 2022, bringing the number of observations to 145.

The data collection method used in this research is non-participant observation, namely accessing the official website of the Indonesian Stock Exchange, www.idx.co.id and the relevant company website. For analysis purposes, this data can be obtained in the form of financial reports.

RESULTS AND DISCUSSION

Table 1. Uji t

Variabel	Coeffisient	Std. Error	t-Statistic	Prob.
X1	0.346332	0.156792	2.208856	0.0288
X2	0.136969	0.067208	2.067208	0.0434

Source: processed from the results of data processing with the Eviews 11 application, 2024

The Effect of Liquidity on Firm Value

Based on the test results in table 5.12, it shows that the regression coefficient value of the liquidity variable on company value is 0.346332 with a significant value of 0.0288, which is lower than 0.050, so partially, the liquidity variable has a positive and significant effect on company value so that the proposed hypothesis is accepted. The findings of this study are encouraging Signaling Theory, where liquidity is seen by investors as a positive signal for the company's performance in the future; investors respond by requesting shares so that share prices rise, which reflects the increase in company value.

The findings of this research also strengthen the findings of previous research conducted by Hapsoro & Falih (2020), Reschiwati et al. (2020) and Jihadi et al. (2021), which show that liquidity has a positive and significant effect on company value. Research by Gz et al. (2022), Setyowati & Sudarwati (2023), Sari & Purbowati (2023), and Cahyani et al. (2023) also found that liquidity has a positive and significant effect on company value. Findings that contradict the results of the research above by Damayanti et al. (2022), Hidayat et al. (2023), Nurwulandari (2021), Putri et al. (2021), Ripaluddin et al. (2023) who found that liquidity has a negative effect on company value.

The Influence of Company Size on Company Value

Based on the test results in Table 5.12, it shows that the regression coefficient value of the capital structure variable on company value is 0.136969 with a significant value of 0.0434, which is lower than 0.050, so partially, the company size variable has a positive effect on company value so that the proposed hypothesis is accepted. These findings are important for investors and creditors when making investment and credit decisions. Investors will prefer larger companies because they are considered safer and have better growth prospects. Creditors will also find it easier to provide loans to larger companies because they are deemed to have a good ability to repay loans.

The findings of this research also strengthen the findings of previous research conducted by Natsir et al. (2020), Ayuba et al. (2019), and Afridi et al. (2022), which previously mentioned found that company size has a significant positive influence on the value of the company. Research by Novita et al. (2022), Gz et al.(2022), Wongso et al. (2023), and Nur Fauziah et al. (2023) also states that company size has a positive and significant effect on company value. This finding contradicts the results of research conducted by Soge et al. (2020) and Farizki et al. (2021), which found that company size has a negative effect on company value.

Table 2. Uji F

Weighted Statistics			
R-squared	0.338535	Mean dependent var	0.314548
Adjusted R-squared	0.114606	S.D. dependent var	0.331003
S.E. of regression	0.313546	Sum squared resid	13.66523
F-statistic	14.29619	Durbin-Watson stat	1.863078
Prob(F-statistic)	0.000115		

Based on the results in the table above, the F test probability value is 0.000115, with a calculated F value of 14.29619. This shows that liquidity variables and company size simultaneously influence company value.

CONCLUSION

Conclusions must be written clearly and include how the research objectives were achieved. Liquidity has a positive effect on company value. This finding means that the company's liquidity increased, and Beverage Investors responded positively on the Indonesian Stock Exchange to request company shares so that the company's value increased. Company size has a positive effect on company value. This finding means that the company Food and Beverage on the Indonesian Stock Exchange shows that larger companies have higher company values. This finding is also important for investors and creditors when making investment and credit decisions.

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