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The Effect Of Profitability And Leverage On Firm Value With Firm Size As A Moderating Variable In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange

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Abstract

This study was motivated by fluctuations in firm value among food and beverage companies listed on the Indonesia Stock Exchange and inconsistent findings in previous studies regarding the effects of profitability and leverage on firm value. This study aimed to examine the effects of profitability and leverage on firm value and test firm size as a moderating variable. A quantitative approach was employed using secondary data from annual financial statements and stock prices for 2022–2024. The population comprised food and beverage subsector companies listed on the Indonesia Stock Exchange. Using purposive sampling, 12 companies were selected, yielding 36 observations. Data were collected through documentation and analyzed using SPSS, including descriptive statistics, classical assumption tests, regression analysis, Moderated Regression Analysis (MRA), and hypothesis testing. The results showed that profitability and leverage had positive and significant effects on firm value. Firm size also has a positive and significant direct effect but does not moderate the relationship of profitability or leverage with firm value. In conclusion, profitability and debt management are important factors associated with firm value, whereas firm size was not demonstrated to strengthen or weaken either relationship.

Keywords : Firm Size, Firm Value, Food and Beverage Subsector, Leverage, Profitability

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INTRODUCTION

Corporate value is a crucial indicator of a company's success in managing its resources and creating prosperity for its shareholders. Corporate value is generally reflected in its stock price, which indicates investor confidence in the company's performance and future prospects. The higher the company's value, the greater the level of prosperity its shareholders can achieve. One subsector that plays a crucial role in the Indonesian economy is the food and beverage subsector, producing products to meet the daily needs of the community. These characteristics give this subsector a broad market and a high level of competition. Therefore, companies are required not only to maintain operational continuity but also to improve performance and create value for their shareholders.

Although food and beverage products are essential for society, the value of companies in this subsector does not always increase. Companies continue to face various challenges, such as changes in raw material prices, inflation, distribution costs, changes in consumer purchasing power, inter-company competition, and shifts in consumer preferences and economic conditions. This phenomenon is reflected in the development of the Price to Book Value (PBV) of food and beverage companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Based on the data presented in the study, CMRY experienced fluctuations with a PBV value of 6.41 in 2022, decreasing to 5.36 in 2023, then increasing to 6.35 in 2024. Meanwhile, MLBI experienced a decrease from 17.57 in 2022 to 11.74 in 2023 and 9.76 in 2024. Conversely, CLEO showed an increase from 5.49 in 2022 to 5.61 in 2023 and 9.76 in 2024. These differences in development indicate that the value of companies in the same subsector can experience increases, decreases, or fluctuations, so it needs to be studied based on factors related to the financial conditions and decisions of each company.

One issue that requires attention is the instability of company value, even though the companies are in the same subsector. This difference in PBV development suggests that overall industry conditions are insufficient to explain changes in company value. Profitability, which reflects a company's ability to generate profits from its assets, is one factor suspected of influencing investor valuation. High profitability can provide a positive signal regarding the effectiveness of resource management and the company's prospects, while low profitability can impact investor confidence. Furthermore, leverage, as an indicator of debt use in the financing structure, can help companies obtain additional funds for operational activities and expansion, but excessive debt use can also increase liabilities and financial risk. Therefore, profitability and leverage need to be examined to determine their relationship to company value in the food and beverage subsector.

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The next issue relates to differences in previous research findings regarding the effect of profitability and leverage on firm value. Puspitasari and Indriastuti (2024) found that profitability had a significant positive effect on firm value, while leverage had no significant effect. Meanwhile, Suta and Utama (2026) found that profitability and firm size did not show a significant partial effect on firm value. Regarding the relationship between leverage and firm value, Supriyatna and Akbar (2025) found a significant positive effect, while other research findings discussed in this document indicate that leverage does not always have a significant effect. This inconsistency indicates an empirical gap that requires further study. Differences in industry characteristics, observation periods, economic conditions, sample sizes, and research methods can be considered in understanding these variations in results. Therefore, re-examination of food and beverage subsector companies with an observation period of 2022–2024 is necessary to obtain empirical evidence regarding the relationship between profitability and leverage and firm value.

In addition to the direct influence of profitability and leverage, firm size is also a relevant issue to study. Firm size reflects the scale of operations and resources, including operational capacity and access to funding. Larger firms generally have more extensive resources, but substantial assets do not always guarantee increased firm value if not managed effectively. This raises the question of whether firm size can strengthen or weaken the influence of profitability and leverage on firm value. Previous research has shown inconsistent results regarding this moderating role. Sari et al. (2022) and Nadiya et al. (2023) found that firm size moderates the effect of profitability on firm value, while Syafitri et al. (2026) found that firm size does not moderate the relationship. Furthermore, Sari et al. (2022) and Nadiya et al. (2023) showed that firm size does not moderate the effect of leverage or solvency on firm value. These discrepancies in findings suggest the need for further testing by using firm size as a moderating variable in the relationship between profitability and leverage and firm value.

Based on the phenomenon of fluctuating firm value and the inconsistency of previous research results, this study aims to analyze the effect of profitability and leverage on firm value and examine the role of firm size in moderating these two relationships in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2022–2024 period. This research is important to provide a deeper empirical understanding of the factors related to firm value and help explain the differences in previous research results. The novelty of this study lies in the simultaneous examination of profitability and leverage as independent variables, with firm size as a moderating variable in both relationships, in the context of food and beverage sub-sector companies for the 2022–2024 period. Thus, this study is expected to contribute to the development of financial accounting studies and become a consideration for companies

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in managing financial performance and capital structure, as well as for investors in making investment decisions.

METHOD

This study uses a quantitative approach with secondary data in the form of annual financial reports and stock price data for food and beverage companies listed on the Indonesia Stock Exchange for the 2022–2024 period. The study aims to examine the effect of profitability and leverage on firm value, with firm size as a moderating variable.

The research instrument used documentation sheets to record the company's financial and market data. Profitability was measured by Return on Assets (ROA), leverage by Debt to Equity Ratio (DER), company size by the natural logarithm of total assets (SIZE), and company value by Price to Book Value (PBV). Data analysis was performed using SPSS through descriptive statistics, classical assumption tests, regression analysis, Moderated Regression Analysis (MRA), and hypothesis testing including t-tests, F-tests, and coefficient of determination (R^2).

The study population included all food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The sample was selected using a purposive sampling technique based on predetermined criteria. Of the 15 identified companies, 12 met the research criteria, resulting in 36 observations over three years.

The research was conducted by collecting annual financial reports and company stock price data, selecting samples based on research criteria, recording and processing the data to calculate each variable, and then conducting statistical analysis using SPSS. Furthermore, MRA testing was conducted to determine the effect of profitability and leverage on firm value and the role of firm size in moderating these relationships.

RESULTS AND DISCUSSION

Research result

This study aims to analyze the effect of profitability and leverage on firm value in the food and beverage subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. Furthermore, this study examines the role of firm size as a moderating variable in the relationship between profitability and leverage and firm value. Data analysis was performed using SPSS with descriptive statistics, classical assumption tests, multiple linear regression analysis, moderated regression analysis (MRA), and hypothesis testing.

1. Descriptive Statistics

Descriptive statistics were used to provide an overview of the characteristics of the research data, including minimum, maximum, mean, and standard deviation values. This study used 36 observations from 12 food and beverage subsector companies listed on

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the Indonesia Stock Exchange during the 2022–2024 period.

Table 1. Descriptive statistical results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas	36	1.6145	33.1857	11.601728	7.7820814
Leverage	36	.12516704133	2.1441168386	.68149094976	.49138988197
Ukuran Perusahaan	36	20.8350	31.0231	25.650150	3.4256121
Nilai Perusahaan	36	.56	17.57	4.0269	3.59011
Valid N (listwise)	36				

Source: Data processed using SPSS, 2026.

Based on Table 1, the profitability variable, proxied by Return on Assets (ROA), has a minimum value of 1.6145 and a maximum value of 33.1857. The average profitability value is 11.601728 with a standard deviation of 7.7820814. This indicates that the company's ability to generate profits based on its assets varies throughout the study period.

The leverage variable, proxied by the Debt to Equity Ratio (DER), has a minimum value of 0.125167 and a maximum value of 2.144117. The average leverage value is 0.681491 with a standard deviation of 0.4913899. This indicates a difference in the level of debt usage compared to equity in the companies included in the research sample.

The company size variable, proxied by SIZE, has a minimum value of 20.8350 and a maximum value of 31.0231. The average value of company size is 25.650150 with a standard deviation of 3.4256121. This indicates a variation in company size among the food and beverage subsector companies that are part of the research sample.

The firm value variable, proxied by Price to Book Value (PBV), has a minimum value of 0.56 and a maximum value of 17.57. The average firm value is 4.0269 with a standard deviation of 3.59011. This indicates variations in firm value among companies in the food and beverage subsector during the 2022–2024 period.

2. Regression Results

The regression analysis in this study uses Moderated Regression Analysis (MRA) to determine the effect of profitability and leverage on company value and to test company size as a moderating variable.

Prior to the moderation test, the profitability, leverage, and firm size variables were mean-centered. Next, interaction variables were formed between profitability and firm size (ROA_SIZE) and leverage and firm size (DER_SIZE).

The moderated regression model used in this study is:

$PBV = \alpha + \beta_1 ROA_C + \beta_2 DER_C + \beta_3 SIZE_C + \beta_4 (ROA_SIZE) + \beta_5 (DER_SIZE) + e$

Based on the results of data processing using SPSS, the following regression equation was obtained:

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PBV = 4.146 + 0.444ROA_C + 3.439DER_C + 0.242SIZE_C + 0.030ROA_SIZE + 0.129DER_SIZE + e

The equation can be explained as follows:

A. The constant value of 4.146 indicates that if profitability, leverage, company size, and interaction variables are considered constant, then the company value is 4.146.
B. The profitability coefficient of 0.444 indicates that profitability has a positive relationship with firm value. This means that increases in profitability tend to be followed by increases in firm value.
C. The leverage coefficient of 3.439 indicates that leverage has a positive relationship with firm value. This means that increases in leverage in the research model tend to be followed by increases in firm value.
D. The company size coefficient of 0.242 shows that company size has a positive relationship with company value.
E. The ROA_SIZE interaction coefficient of 0.030 indicates a positive relationship between profitability and company size. However, this influence needs to be assessed based on its significance value.
F. The DER_SIZE interaction coefficient of 0.129 indicates a positive relationship between leverage and firm size. However, this influence also needs to be assessed based on its significance value.

3. Partial Test

A partial t-test is used to determine the effect of each independent variable on firm value and to determine whether firm size moderates the relationship between profitability and leverage on firm value. Decisions are made based on a significance level of 5% or 0.05.

Table 2. Partial test results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.146	.318		13.028	<.001		
	ROA_C	.444	.097	.962	4.590	<.001	.129	7.755
	DER_C	3.439	1.354	.471	2.541	.016	.165	6.058
	SIZE_C	.242	.081	.231	2.977	.006	.942	1.061
	ROA_SIZE	.030	.028	.223	1.074	.291	.131	7.626
	DER_SIZE	.129	.382	.061	.339	.737	.175	5.726

a. Dependent Variable: Nilai Perusahaan

Source: Data processed using SPSS, 2026.

Based on Table 2, profitability has a significance value of <0.001, leverage of 0.016, and firm size of 0.006. All three values are less than 0.05, so each has a significant influence on firm value.

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Meanwhile, the ROA_SIZE interaction variable has a significance value of 0.291, while the DER_SIZE interaction variable has a significance value of 0.737. Both values are greater than 0.05, indicating that firm size has not been shown to moderate the relationship between profitability and leverage on firm value.

4. Simultaneous Test and Coefficient of Determination

A. Simultaneous Test

The simultaneous test or F test is used to determine whether the variables of profitability, leverage, company size, and interaction variables jointly influence company value.

Table 3. Simultaneous test results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	374.410	5	74.882	29.289	<.001[b]
	Residual	76.700	30	2.557		
	Total	451.110	35			

a. Dependent Variable: Nilai Perusahaan

b. Predictors: (Constant), DER_SIZE, SIZE_C, ROA_SIZE, DER_C, ROA_C

Source: Data processed using SPSS, 2026.

Based on Table 3, the F value obtained was 29.289 with a significance value of <0.001. This significance value is less than 0.05. Thus, it can be concluded that the research model is simultaneously significant.

This means that profitability, leverage, company size, the interaction of profitability with company size, and the interaction of leverage with company size jointly influence company value.

B. Coefficient of Determination

Table 4. Coefficient of Determination

Model Summary	Mark
R	0.911
R Square	0.830
Adjusted R Square	0.802
Variation in firm value explained by the model	83.0%
Variations in company value explained by other factors	17.0%

Source: Data processed using SPSS, 2026.

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Based on Table 4, the R value is 0.911, the R Square value is 0.830, and the Adjusted R Square value is 0.802.

The R-square value of 0.830 indicates that 83.0% of the variation in firm value can be explained by profitability, leverage, firm size, the interaction between profitability and firm size, and the interaction between leverage and firm size. Meanwhile, 17.0% is explained by other factors outside the research model.

The Adjusted R Square value of 0.802 indicates that after considering the number of variables used in the research model, the model's ability to explain variations in company value is 80.2%.

5. Hypothesis Testing

Table 5. Hypothesis Testing Results

Hypothesis	Statement	Sig.	Result
H1	Profitability affects company value	<0.001	Significant
H2	Leverage affects company value	0.016	Significant
H3	Company Size moderates the effect of Profitability on Company Value	0.291	Not Significant
H4	Company Size Moderates the Effect of Leverage on Company Value	0.737	Not Significant

Source: Data processed using SPSS, 2026.

Based on Table 5, it can be seen that H1 and H2 show significant result, while H3 and H4 show insignificant result.

H1 is significant because the significance value of profitability is less than <0.001 which is below 0.05.

H2 is also significant because the significance value of leverage is 0.016, which is below 0.05. Meanwhile,

H3 is not significant because the significance value of the ROA_SIZE interaction variable is 0.291, which exceeds 0.05. Similiarly,

H4 is not significant because the significance value of the interaction variable DER_SIZE is 0.737 which exceeds 0.05.

Based on the research results and discussion, it can be concluded that profitability has a positive and significant effect on firm value. This is indicated by a significance value of <0.001 and a positive regression coefficient of 0.444.

Furthermore, leverage has a positive and significant effect on firm value, as indicated by a significance value of 0.016 and a positive regression coefficient of 3.439.

Firm size was also shown to have a positive and significant direct effect on firm value, with a significance value of 0.006 and a regression coefficient of 0.242. These

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results represent the direct effect of firm size in the model, while its role as a moderating variable in H3 and H4 was tested through interaction variables.

However, firm size was not proven to moderate the effect of profitability on firm value, as indicated by the ROA_SIZE significance value of 0.291. Firm size was also not proven to moderate the effect of leverage on firm value, as indicated by the DER_SIZE significance value of 0.737.

Simultaneously, the research model has an F value of 29.289 with a significance level of <0.001, thus the research model is declared significant. The R Square value of 0.830 indicates that 83.0% of the variation in company value can be explained by the variables contained in the research model, while the remaining 17.0% is explained by other factors outside the research model.

DISCUSSION

H1: The Effect of Profitability on Firm Value

Based on the test results, profitability proxied by Return on Assets (ROA) has a coefficient value of 0.444, a t-value of 4.590, and a significance value of <0.001.

The significance value is less than 0.05, and the regression coefficient is positive. Therefore, profitability has a positive and significant effect on firm value. This means that the higher a company's ability to generate profits based on its assets, the higher its value in the food and beverage subsector during the 2022–2024 period.

Based on the sample companies' ROA values, the ROA varies, with a minimum value of 1.6145, a maximum of 33.1857, and an average of 11.601728. This variation indicates that the company's ability to manage assets to generate profits varies between companies and between periods. In food and beverage companies, the ability to generate profits is crucial because companies face changes in raw material prices, production costs, distribution, competition, and changes in consumer purchasing power. Companies that are able to maintain their ability to generate profits demonstrate better performance, thus achieving higher market valuations.

The results of this study align with those of Nadiya et al. (2023) on food and beverage subsector companies, which found that profitability significantly impacts firm value. These results also align with those of Yanti and Darmayanti (2019), who found that profitability has a positive and significant impact on firm value in food and beverage companies listed on the IDX. However, these results differ from those of Mollu et al. (2024), who found that profitability had no impact on firm value. These differences indicate that the relationship between profitability and firm value can vary depending on the research period, sample, and data characteristics.

Thus, the results of this study provide evidence that, in a sample of companies in the food and beverage subsector for the 2022–2024 period, profit-generating ability is a

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factor associated with increased firm value. Therefore, H1, which states that profitability influences firm value, is supported.

H2: The Effect of Leverage on Firm Value

Based on the test results, leverage proxied by the Debt to Equity Ratio (DER) has a coefficient value of 3.439, a t-value of 2.541, and a significance value of 0.016.

The significance value of 0.016 is less than 0.05, and the regression coefficient is positive. Thus, leverage has a positive and significant effect on firm value. This means that increasing leverage in the research model tends to be followed by increasing firm value.

Based on the sample companies, the DER had a minimum value of 0.125167 and a maximum of 2.144117, with an average value of 0.681491. This indicates differences in the level of debt usage compared to equity among companies. In the food and beverage subsector, debt can be used to support operational needs, capacity development, investment, and business expansion. When debt is managed well, this additional funding can support company activities and be positively assessed by the market.

The results of this study are consistent with those of Nashihah et al. (2026), who found that leverage significantly impacted firm value in the food and beverage subsector for the 2021–2024 period. These results are also consistent with those of Mollu et al. (2024), who found that leverage significantly impacted firm value in food and beverage companies for the 2020–2022 period. However, these results differ from those of Rahman et al. (2026), who found that leverage, as proxied by DER, did not significantly impact firm value in food and beverage companies for the 2022–2024 period. These differences indicate that the influence of leverage on firm value can vary based on sample characteristics and research model.

Thus, in the food and beverage subsector companies sampled in the study, debt usage, as reflected in the DER, was shown to be positively related to firm value. H2, which states that leverage influences firm value, was significant.

H3: Firm Size Moderates the Effect of Profitability on Firm Value

Moderation testing was conducted by examining the interaction variable ROA_SIZE. The test results showed that ROA_SIZE had a coefficient value of 0.030, a t-value of 1.074, and a significance value of 0.291.

The significance value of 0.291 is greater than 0.05. Thus, company size has not been shown to moderate the effect of profitability on firm value. Although the interaction coefficient is positive, the effect is not statistically significant. This means that company size has not been shown to strengthen or weaken the relationship between profitability and firm value.

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Based on the sample companies' conditions, SIZE has a minimum value of 20.8350, a maximum of 31.0231, and an average of 25.650150. This variation indicates that the sample consists of companies with varying asset scales. However, these differences in asset scale have not shown significant changes in the relationship between profitability and firm value. This condition indicates that companies with larger assets do not necessarily experience a strengthening effect of profitability on PBV because investors can also consider the efficiency of asset use, operational performance, and company prospects.

The results of this study differ from those of Sari et al. (2022) and Nadiya et al. (2023), which found that firm size moderates the effect of profitability on firm value. Conversely, the results of this study align with those of Syafitri et al. (2026), who found that firm size did not moderate the relationship between profitability and firm value. This difference suggests that the role of firm size as a moderator can vary depending on the research period, sample characteristics, and market conditions.

Thus, firm size has not been proven to alter the influence of profitability on firm value in food and beverage subsector companies in the 2022–2024 period. H3, which states that firm size moderates the influence of profitability on firm value, is not significant.

H4: Firm Size Moderates the Effect of Leverage on Firm Value

Moderation testing was conducted by examining the interaction variable DER_SIZE. The test results showed that DER_SIZE had a coefficient value of 0.129, a t-value of 0.339, and a significance value of 0.737.

The significance value of 0.737 is greater than 0.05. Therefore, firm size has not been shown to moderate the effect of leverage on firm value. Although the interaction coefficient is positive, the effect is not statistically significant. This means that firm size has not been shown to strengthen or weaken the relationship between leverage and firm value.

Judging from the sample companies' conditions, company size varies significantly, while DER also indicates differences in the level of debt usage. However, these differences in asset size have not yet shown a significant change in the relationship between leverage and firm value. This indicates that investors consider not only asset size when assessing debt usage but also a company's ability to manage liabilities, operational performance, and prospects.

The results of this study align with those of Sari et al. (2022), who found that firm size did not moderate the effect of leverage on firm value. These results also align with those of Nadiya et al. (2023), who found that firm size did not moderate the effect of solvency on firm value. These findings indicate that firm size does not necessarily change the relationship between debt use and firm value.

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Thus, company size has not been proven to change the effect of debt use on firm value in food and beverage subsector companies during the 2022–2024 period. H4, which states that firm size moderates the effect of leverage on firm value, is not significant.

CONCLUSION

Based on the research results, profitability proxied by Return on Assets (ROA) has a positive and significant effect on firm value, while leverage proxied by Debt to Equity Ratio (DER) also has a positive and significant effect on firm value in food and beverage subsector companies listed on the Indonesia Stock Exchange for the 2022–2024 period. Firm size has a positive and significant direct effect on firm value, but is not proven to moderate the effect of profitability or leverage on firm value. The results of simultaneous testing indicate that the research model is significant, with an R Square value of 0.830, meaning that 83% of the variation in firm value can be explained by variables in the model, while the remaining 17% is influenced by other factors outside the study. These findings indicate that the ability to generate profits, debt management, and asset scale are relevant aspects in explaining firm value, but firm size has not been proven to change the relationship between profitability and leverage with firm value.

This study is limited by its sample size, which included only 12 companies with 36 observations over a three-year period, and the use of profitability, leverage, and firm size as explanatory variables in the model. Therefore, future research is recommended to expand the observation period and sample size, and consider other variables that could potentially influence firm value, such as liquidity, dividend policy, firm growth, and capital structure, to achieve more comprehensive results. Practically, companies are advised to increase the efficiency of asset utilization to generate profits and carefully manage debt within their financial capabilities to ensure funding can support operational activities without excessively increasing risk. Investors can also consider profitability, debt levels, firm size, and overall financial condition before making investment decisions. Therefore, financial management and investment decisions are based not only on the size of a company's assets but also on its ability to generate profits and manage its liabilities sustainably.

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