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The Influence of Company Size, Asset Growth, and Profitability on Firm Value in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the Period 2020–2025

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Abstract

This study examines the effects of company size, asset growth, and profitability on firm value among food and beverage subsector companies listed on the Indonesia Stock Exchange during 2020–2025. A quantitative approach was employed, using 24 companies and 144 observations. Panel data regression was performed with EViews 14, applying the Fixed Effect Model. The results indicate that company size has a negative and significant effect on firm value. In contrast, asset growth and profitability have no significant individual effects. However, company size, asset growth, and profitability jointly have a significant effect on firm value. The adjusted coefficient of determination (Adjusted R^2) is 0.4475, indicating that the model explains 44.75% of the variation in firm value, while the remaining 55.25% is explained by factors beyond the model. The findings provide insights into how internal financial characteristics relate to market valuation in this subsector during the observation period.

Keywords: Company Size; Asset Growth; Profitability; Firm Value; Tobin's Q.

INTRODUCTION

The food and beverage industry is one of the processing industry subsectors that contributes significantly to Indonesia's economy. Its development is supported by increased demand for processed food products and changes in public consumption patterns. The Ministry of Industry recorded industrial growth of 4.47% in 2023, then reached 6.49% in the third quarter of 2025 (Antara News, 2024; Ministry of Industry, 2025).

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This development also increases investment opportunities in food and beverage companies listed on the Indonesia Stock Exchange (IDX). By the end of 2025, the number of domestic investors will reach 20.32 million Single Investor Identification (SID), an increase of 37% year-on-year (Antara News, 2025). This condition indicates increased capital market activity and investor attention to company prospects.

Firm value is an important indicator because it reflects the market's assessment of the company's performance and prospects. This study uses Tobin's Q to measure firm value. This ratio compares the company's market value with its book value. The higher the Tobin's Q, the higher the market valuation of the company's assets and prospects (Nasihin et al., 2025).

However, the industry's macro development has not fully aligned with the market assessment of the sample companies. Preliminary data from 24 companies shows that the average Tobin's Q declined during the 2020–2025 period. This phenomenon is interesting because it occurs when the average total assets of companies actually increase.

Table 1. Average Financial Condition of Sample Companies for the Period 2020–2025

Year	Total Assets (Rp Trillion)	Asset Growth (%)	ROA (%)	Tobin's Q
2020	13,84	15,58	8,12	3,54
2021	15,11	5,61	6,97	3,07
2022	15,28	5,80	6,69	2,72
2023	15,85	1,16	10,15	2,15
2024	17,21	7,29	5,49	2,30
2025	18,59	8,25	3,28	1,72

Source: Secondary data processed by the researcher (2026).

Based on Table 1, the average Tobin's Q decreased from 3.54 in 2020 to 1.72 in 2025. Conversely, the average total assets increased from Rp13.84 trillion to Rp18.59 trillion. This difference indicates that the increase in company resources is not necessarily accompanied by increased market appreciation.

Company size is one of the factors suspected to influence firm value. Large companies generally have broader resources, operational capacity, and access to funding. However, increasing size can also cause organizational complexity and supervisory costs. Previous research has shown different results regarding the relationship between firm size and firm value (Nikonov, 2025; Putri et al., 2024).

The next factor is asset growth, which reflects the development of the company's resources. Asset growth can indicate business expansion and growth prospects. However, asset additions do not always increase company value if not accompanied by

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productive use. Makmur et al. (2022) found a significant positive effect, while Putri et al. (2024) found an insignificant effect.

Profitability is also an important factor because it describes a company's ability to generate profit through the assets it owns. This study uses Return on Assets (ROA) as a proxy for profitability. Dewi and Romadhina (2026) found a positive effect, while Simanjuntak et al. (2024) found that profitability does not have a significant effect on firm value.

The differences in previous research results indicate empirical inconsistencies regarding the influence of these three variables. Furthermore, some previous studies used different observation periods and have not yet covered industry developments up to 2025. Therefore, this study re-examines this relationship in the food and beverage subsector.

This study aims to analyze the influence of company size, asset growth, and profitability on firm value both partially and simultaneously. Observations were made on food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2020–2025 period.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theoretical Foundations

Agency theory explains the relationship between shareholders as the authority and management as the company manager. Differences in interests and information imbalances can cause agency conflicts. In this study, the theory explains the importance of oversight over asset management, investment decisions, and company performance achievement (Hendrastuti & Harahap, 2023).

Signal theory explains how companies convey information about business conditions and prospects to investors. Information about company size, asset growth, and profitability can be market considerations. Good fundamental performance is expected to provide positive signals and increase investor confidence in the company (Hulaila & Prajawati, 2026).

Company Size

Company size describes the size of the company based on the resources it owns. The measurement can use total assets, sales, or market capitalization. This study uses the natural logarithm of total assets because it reflects the scale of the company's economic resources (Prasetya Margono & Gantino, 2021).

Large companies theoretically have operational capacity and broader access to funding. This condition can increase investor confidence. However, management

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complexity and agency costs can also increase, so the relationship between company size and firm value is not always positive.

Asset Growth

Asset growth shows changes in the company's total assets compared to the previous period. Asset growth can reflect the expansion of business activities and the company's ability to develop resources. This growth has the potential to increase company value if accompanied by productive investment and effective management (Makmur et al., 2022).

However, asset growth does not automatically increase market appreciation. Investors also consider asset productivity, investment risk, and the company's ability to generate profit. Therefore, the effect of asset growth on firm value needs to be empirically proven.

Profitability

Profitability is the company's ability to generate profit through the resources it owns. This study uses Return on Assets (ROA) to measure the effectiveness of asset utilization in generating profit. Theoretically, a high ROA indicates more effective asset management.

Profitability can be a positive signal for investors because it reflects the company's ability to generate profit. Nevertheless, market valuation is also influenced by long-term prospects, business risk, and investor expectations of the company (Dewi & Romadhina, 2026).

Company Value

Company value reflects investors' assessments of the company's performance and prospects. This valuation can be seen through stock prices and market ratios. This study uses Tobin's Q because it considers the market value of the company's equity, liabilities, and total assets.

A high Tobin's Q indicates that the market gives a relatively high valuation to the company's assets. Conversely, a low value indicates that the market's appreciation of the company's assets is relatively limited.

Hypothesis Development

A large company size can indicate stronger resource capabilities and operational capacity. Based on signal theory, this condition has the potential to increase investor confidence. Therefore, the first hypothesis is formulated as follows.

H1: Company size has a positive and significant effect on firm value.

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Asset growth can reflect expansion and business development opportunities. If asset additions are managed productively, the company has the potential to improve performance and gain market appreciation. Based on these arguments, the second hypothesis is formulated as follows.

H2: Asset growth has a positive and significant effect on firm value.

High profitability reflects the company's ability to generate profit through the assets it owns. This condition can be a positive signal for investors and improve market valuation. Based on this explanation, the third hypothesis is formulated as follows.

H3: Profitability has a positive and significant effect on firm value.

The three independent variables reflect the company's fundamental condition in terms of resource scale, asset development, and profit-generating capacity. The combination of these three is suspected to be related to the market valuation of the company. Thus, the simultaneous hypothesis is formulated as follows.

H4: Company size, asset growth, and profitability simultaneously have a significant effect on firm value.

Table 2. Hypothesis Development

Code	Variable Relationships	Alleged Influence
H1	Company size → company value	Positive
H2	Asset growth → company value	Positive
H3	Profitability → company value	Positive
H4	X1, X2, X3 → company value	Simultaneous

RESEARCH METHODS

Types of Research

This study uses a quantitative approach with a causal associative design. This approach is used to test the relationship and influence of independent variables on the dependent variable. The analysis focuses on the influence of company size, asset growth, and profitability on firm value.

Population and Sample

The research population consists of 34 food and beverage subsector companies listed on the Indonesia Stock Exchange. Sample determination used *purposive sampling technique* based on the completeness of financial reports and the availability of data for research variables during the observation period.

The sample criteria include companies registered during 2020–2025, publishing complete annual financial reports, using rupiah currency, and providing all necessary data. Based on these criteria, 24 companies were selected as research samples.

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Table 3. Determination of Research Sample

Description	Total
Population size	34
The company does not meet the criteria	(10)
Number of sample companies	24
Observation period	6 years
Number of observations	144

Source: Data processed by the researcher (2026).

Based on Table 3, the study uses 24 companies over six years of observation. Thus, the total data form 144 year-company observations. The 2019 data is used as the basis for calculating asset growth in 2020.

Table 4. List of Sample Companies

No.	Code	Company Name
1	BUDI	PT Budi Starch & Sweetener Tbk
2	CAMP	PT Campina Ice Cream Industry Tbk
3	CEKA	PT Wilmar Cahaya Indonesia Tbk
4	CLEO	PT Sariguna Primatirta Tbk
5	COCO	PT Wahana Interfood Nusantara Tbk
6	DLTA	PT Delta Djakarta Tbk
7	ENZO	PT Morenzo Abadi Perkasa Tbk
8	FISH	PT FKS Multi Agro Tbk
9	FOOD	PT Senta Food Indonesia Tbk
10	GOOD	PT Garudafood Putra Putri Jaya Tbk
11	HOCKEY	PT Buyung Poetra Sembada Tbk
12	ICBP	PT Indofood CBP Sukses Makmur Tbk
13	INDF	PT Indofood Sukses Makmur Tbk
14	CHEESE	PT Mulia Boga Raya Tbk
15	MLBI	PT Multi Bintang Indonesia Tbk
16	MYOR	PT Mayora Indah Tbk
17	PSDN	PT Prasidha Aneka Niaga Tbk
18	ROBERT	PT Nippon Indosari Corpindo Tbk
19	SKBM	PT Sekar Bumi Tbk
20	SKLT	PT Sekar Laut Tbk
21	STTP	PT Siantar Top Tbk
22	TGKA	PT Tigaraksa Satria Tbk
23	ULTJ	PT Ultra Jaya Milk Industry & Trading Co Tbk

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No.	Code	Company Name
24	AISA	PT FKS Food Sejahtera Tbk

Source: Data processed by the researcher (2026).

Definition of Operational Variables

The study uses four variables, consisting of firm value as the dependent variable and company size, asset growth, and profitability as independent variables. Measurement is carried out using financial indicators based on annual reports and company market data.

Table 5. Definition of Operational Variables

Variable	Measurement	Scale
Company value (Y)	Tobin's Q = (MVE + D) / TA	Ratio
Company size (X1)	Ln (Total Assets)	Ratio
Asset growth (X2)	(Not to be confused with Smash Bros.)	Ratio
Profitability (X3)	(Net profit after tax / Total assets) × 100%	Ratio

Source: Data processed by the researcher (2026).

Note: MVE is the market value of equity, D is the total liability, TA is the total assets, and Ln is the natural logarithm. Asset growth is calculated based on annual changes in total assets, while profitability uses ROA.

Types, Sources, and Data Collection Techniques

The study uses secondary quantitative data in the form of figures from financial reports and market information. The data includes total assets, total liabilities, net profit after tax, closing stock price, and the number of outstanding shares of the sample company.

The data sources come from annual financial reports published through the Indonesia Stock Exchange and the company's official website. Data collection was carried out using documentation methods, then the data were recorded, calculated, and tabulated using Microsoft Excel before being analyzed through EViews 14.

Data Analysis Techniques

Data analysis was performed using panel data regression with the assistance of the EViews 14 program. The testing stages included descriptive statistics, selection of regression models, classical assumption testing, regression estimation, and hypothesis testing.

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Descriptive Statistical Analysis

Descriptive statistics are used to describe data characteristics through minimum, maximum, mean, median, and standard deviation values. This analysis provides an initial overview of the distribution of company value data, company size, asset growth, and profitability.

Panel Data Regression Model Selection

Panel data regression uses three approaches: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection is done through Chow, Hausman, and Lagrange Multiplier tests to determine the most suitable estimation approach.

Chow Test

The Chow test is used to determine the model between CEM and FEM. The zero hypothesis states that CEM is more appropriate, while the alternative hypothesis states FEM is more appropriate. If the probability is less than 0.05, FEM is chosen. Conversely, a minimum probability of 0.05 indicates that CEM can be used.

Hausman Test

The Hausman test is used to determine the model between FEM and REM. The zero hypothesis states REM is more accurate, while the alternative hypothesis states FEM is more accurate. Probability less than 0.05 indicates FEM selection, while a minimum probability of 0.05 indicates REM selection.

Lagrange Multiplier (LM) Test

The LM test was used to determine the model between CEM and REM through the Breusch-Pagan method. The zero hypothesis states that CEM is more appropriate, while the alternative hypothesis states REM is more appropriate. The probability of Breusch-Pagan less than 0.05 indicates REM selection, while a minimum probability of 0.05 indicates the choice of CEM.

Classical Assumption Testing

Classical assumption testing was conducted to evaluate residual distribution, relationships between independent variables, similarity of residual variances, and possible correlations between observation errors. Tests included normality, multicollinearity, heteroscedasticity, and autocorrelation.

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Normality Test

The normality test used the Jarque-Bera test to determine the model residual distribution. Residuals are declared normally distributed if the Jarque-Bera probability is greater than 0.05. Conversely, a maximum probability of 0.05 indicates that the residuals are not normally distributed.

Multicollinearity Test

Multicollinearity testing was conducted through a correlation matrix between independent variables. The model was declared not to show any indication of multicollinearity if all correlation coefficients between independent variables were less than 0.80. A minimum correlation value of 0.80 indicates a high indication of a relationship.

Heteroscedasticity Test

Heteroscedasticity testing is related to the inequality of residual variance. The study uses White cross-section correction standard errors and covariance to obtain a robust standard error for heteroscedasticity. The robust estimation results are then compared with ordinary estimates to evaluate significant changes in conclusions.

Autocorrelation Test

Autocorrelation tests were performed using Durbin-Watson statistics to determine residual correlations between periods. Assessment was done by comparing DW values against the lower limit (dL) and upper limit (dU). DW values below dL indicated positive autocorrelation, while the rest of the range followed the Durbin-Watson test criteria.

Panel Data Regression Analysis

Panel data regression is used to test the influence of independent variables on firm value by considering firm dimensions and time. The research model is formulated as follows:

$$Y_it = \alpha + \beta_1 X_1_it + \beta_2 X_2_it + \beta_3 X_3_it + \varepsilon_it$$

Y represents firm value, X1 is company size, X2 is asset growth, and X3 is profitability. The β coefficient indicates the direction and magnitude of the relationship between each variable, while ε is the component of model error.

Hypothesis Testing

Hypothesis testing used a significance level of 5% or 0.05. Testing was conducted through t-test, F-test, and coefficient of determination to determine individual influence, co-influence, and the model's ability to explain variations in firm value.

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Partial Test (t-test)

The t-test is used to determine the individual effect of each independent variable on firm value. The effect is considered significant if the t-statistic probability is less than 0.05. The direction of the effect is determined based on the resulting regression coefficient sign.

Simultaneous Test (F-test)

The F-test is used to determine the combined effect of company size, asset growth, and profitability on firm value. The model is considered significant if the F-statistic probability is less than 0.05. Conversely, a minimum probability of 0.05 indicates that the simultaneous effect is not significant.

Coefficient of Determination Test (Adjusted R^2)

Adjusted R^2 is used to measure the model's ability to explain variations in firm values by considering the number of independent variables. Values closer to one indicate greater model explanation ability, while the rest is explained by other factors outside the model.

RESEARCH RESULTS AND DISCUSSION

Overview of the Research

The study used 24 food and beverage subsector companies listed on the Indonesia Stock Exchange during 2020–2025. With six years of observations, 144 observations were obtained in the form of *balanced panel* data. All data were processed using EViews 14 to obtain statistical results and regression estimation.

The research variables consist of firm value measured using Tobin's Q, company size based on the natural logarithm of total assets, asset growth, and profitability based on ROA. The use of panel data allows observation of changes in company conditions as well as differences in the characteristics of each company.

Research Results

Descriptive Statistical Analysis

Descriptive statistical results show the characteristics of data from 144 observations during the study period. Measurements include minimum, maximum, mean, median, and standard deviation values for each variable. A summary of the EViews 14 processing results is presented in Table 5.

Table 5. Descriptive Statistical Analysis Results

Variable	N	Minimum	Maximum	Red	median	Std. Dev.
Tobin's Q	144	0,7041	19,1910	2,5833	1,8095	2,7013

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Variable	N	Minimum	Maximum	Red	median	Std. Dev.
Company size	144	24,5683	33,0154	28,4932	28,2579	1,7662
Asset growth (%)	144	-78,46	167,61	7,28	5,86	20,01
ROA (%)	144	-46,26	94,36	6,78	6,59	13,99

Source: EViews output 14, data processed by the researcher (2026).

The company's value has an average Tobin's Q of 2.5833 and a standard deviation of 2.7013. An average value above one indicates that the market generally gives a higher valuation compared to the asset book value. However, a standard deviation above average indicates a significant variation in firm value.

The company size has an average of 28.4932 with a standard deviation of 1.7662. Meanwhile, asset growth averaged 7.28% with a range of -78.46% to 167.61%. This range indicates a significant difference in asset development between companies during the observation period.

Profitability has an average ROA of 6.78% and a median of 6.59%. A minimum value of -46.26% indicates a company experiencing losses, while a maximum value of 94.36% indicates observations with a high asset return rate.

Panel Data Regression Model Selection

Model selection was conducted through Chow, Hausman, and Lagrange Multiplier tests. The test aimed to determine the regression approach that best fits the characteristics of the company's data and observation period. The results of each test are presented as follows.

Chow Test

The Chow test was conducted to determine the more accurate model between the Common Effect Model and the Fixed Effect Model. The results of the Redundant Fixed Effects Test on EViews 14 are presented in Table 6.

Table 6. Chow Test Results

Effects Test	Statistics	d.f.	Prob.
Cross-section F	23,420234	(23,117)	0,0000

Source: EViews output 14, data processed by the researcher (2026).

The Chow test results show a probability of 0.0000, which is less than 0.05. Thus, the Common Effect Model is rejected and the Fixed Effect Model is chosen. These results indicate differences in characteristics between companies that need to be considered through each company's intercept.

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Hausman Test

The Hausman test is used to determine the more accurate model between the Fixed Effect Model and the Random Effect Model. Testing was conducted using the Correlated Random Effects Test. The test results are presented in Table 7.

Table 7. Hausman Test Results

Test Summary	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	13,437250	3	0,0038

Source: EViews output 14, data processed by the researcher (2026).

The probability of a random cross-section is 0.0038, which is less than 0.05. Thus, the Random Effect Model is rejected and the Fixed Effect Model is chosen. These results indicate that the specific characteristics of the company correlate with the independent variables in the research model.

Lagrange Multiplier (LM) Test

The Lagrange Multiplier test was conducted to compare the Common Effect Model and the Random Effect Model. Testing used the Breusch-Pagan method on EViews 14. The test results are presented in Table 8.

Table 8. Lagrange Multiplier Test Results

Method	Cross-section	Time	Both
Breusch-Pagan	45,71294 (0,0000)	0,002918 (0,9569)	45,71586 (0,0000)
Honda	6,761135 (0,0000)	-0,054021 (0,5215)	4,742646 (0,0000)
King-Wu	6,761135 (0,0000)	-0,054021 (0,5215)	2,808140 (0,0025)
Standardized Honda	7,353114 (0,0000)	0,243368 (0,4039)	1,356732 (0,0874)
Standardized King-Wu	7,353114 (0,0000)	0,243368 (0,4039)	-0,017582 (0,5070)
Gourieroux et al.	—	—	45,71294 (0,0000)

Source: EViews output 14, data processed by the researcher (2026). The numbers in parentheses represent probabilities.

The Breusch-Pagan results showed a cross-section probability of 0.0000, so the Random Effect Model is better than the Common Effect Model. However, the Chow and Hausman test results have directed the final selection to the Fixed Effect Model. Therefore, the LM results are used as complementary testing.

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Table 9. Recapitulation of Panel Data Regression Model Selection

Testing	Probability	Comparison	Results
Chow	0,0000	CEM vs FEM	FEM
Hausman	0,0038	FEM vs REM	FEM
LM	0,0000	CEM vs REM	REM

Source: Data processed by the researcher (2026).

Based on Table 9, the model used is the Fixed Effect Model because both the Chow and Hausman tests select FEM. The LM test shows REM is better than CEM, but does not replace the final decision obtained through Hausman's test.

Classical Assumption Testing

Classical assumption testing was conducted to evaluate residual characteristics and relationships between independent variables. Tests included normality, multicollinearity, heteroscedasticity, and autocorrelation. The test results were used as considerations in interpreting regression estimation and statistical significance.

Normality Test

Normality testing was conducted using the Jarque-Bera test to determine the residual distribution of the regression model. Residuals are considered normal if the Jarque-Bera probability is greater than 0.05. The test results on 144 observations are presented in Table 10.

Table 10. Normality Test Results

Observation	Skewness	Kurtosis	Jarque-Bera	Prob.
144	0,433624	2,672943	5,154504	0,075983

Source: EViews output 14, data processed by the researcher (2026).

The Jarque-Bera probability of 0.075983 is greater than 0.05. Thus, the regression model residuals are normally distributed. These results indicate that the normality assumption based on the Jarque-Bera test has been fulfilled.

Multicollinearity Test

Multicollinearity testing was conducted by examining correlations between independent variables. The model was declared not to show any indication of multicollinearity if the correlation between variables was below 0.80. The test results are presented in Table 11.

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Table 11. Multicollinearity Test Results

Variable	X1	X2	X3
X1 (Company size)	1,000000	0,321552	0,247932
X2 (Asset growth)	0,321552	1,000000	-0,072184
X3 (Profitability)	0,247932	-0,072184	1,000000

Source: EViews output 14, data processed by the researcher (2026).

The highest correlation was found between company size and asset growth at 0.321552. All correlation coefficients between independent variables were below 0.80. Thus, the research model does not show any indication of multicollinearity.

Heteroscedasticity Test

Heteroscedasticity testing used a White cross-section approach by correcting standard errors and covariances. The robust estimation results were compared with ordinary estimates to determine whether these corrections changed the significance conclusions of each variable.

Table 12. White Cross-section Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
constant	77,536430	15,607410	4,967925	0,0042
Company size	-2,630712	0,548402	-4,797050	0,0049
Asset growth	0,543542	0,427809	1,270525	0,2598
Profitability	-0,519534	0,823619	-0,630795	0,5559

Source: EViews output 14, data processed by the researcher (2026).

White's correction results show that the company size remains significant with a probability of 0.0049. Asset growth and profitability remain insignificant, at 0.2598 and 0.5559, respectively. This conclusion is consistent with the usual estimates, so the standard error correction does not change the hypothesis testing decision.

Autocorrelation Test

Autocorrelation tests used Durbin-Watson statistics to determine residual correlations between periods. DW values were compared with the lower and upper limits at a 5% significance level. The results of the Fixed Effect model testing are presented in Table 13.

Table 13. Autocorrelation Test Results

Models	DW	dL	dU	Results
Fixed Effect Model	1,205289	1,68	1,77	Positive autocorrelation

Source: EViews output 14, data processed by the researcher (2026).

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The Durbin-Watson value of 1.205289 is smaller than the lower limit of 1.68. Thus, the model shows positive autocorrelation. This condition becomes a limitation in interpreting statistical significance and needs to be considered when reading regression results.

Panel Data Regression Analysis

Based on the model selection test results, the Fixed Effect Model is used to estimate the relationships between variables. This model takes into account the differences in fixed characteristics of each company. The estimation results from 144 observations are presented in Table 14.

Table 14. Panel Data Regression Estimation Results (Fixed Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
constant	77,536430	20,244030	3,830089	0,0002
Company size (X1)	-2,630712	0,710397	-3,703159	0,0003
Asset growth (X2)	0,543542	1,009423	0,538468	0,5913
Profitability (X3)	-0,519534	1,666885	-0,311680	0,7558

Source: EViews output 14, data processed by the researcher (2026).

Based on Table 14, the obtained regression equation shows a constant of 77.536430. The company size coefficient is negative, asset growth is positive, while profitability is negative. The direction and magnitude of this relationship are then evaluated through hypothesis testing.

The company size coefficient of -2.6307 indicates that an increase of one natural logarithm unit of total assets is related to a decrease in Tobin's Q of 2.6307 units, assuming the other variables remain constant. The asset growth coefficient of 0.5435 indicates a positive relationship with firm value.

A profitability coefficient of -0.5195 indicates a negative relationship between ROA and Tobin's Q. All these coefficients represent the relationship within the company over time because the estimation uses the Fixed Effect Model. Differences in fixed characteristics between companies are accommodated through the fixed securities of each company.

Hypothesis Testing

Hypothesis testing was conducted to determine the influence of independent variables on firm value. Testing used partial tests, simultaneous tests, and coefficient of

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determination. The significance level used was 5% to determine the decision on the research hypothesis.

Partial Test (t-test)

The t-test is used to determine the individual effect of each independent variable on firm value. Testing is conducted on firm size, asset growth, and profitability. The test results based on Fixed Effect Model estimates are presented in Table 15.

Table 15. Partial Test Results (t-test)

Variable	Coefficient	t-Statistic	Prob.	Conclusion
Company size	-2,630712	-3,703159	0,0003	Significant negative
Asset growth	0,543542	0,538468	0,5913	Not significant
Profitability	-0,519534	-0,311680	0,7558	Not significant

Source: EViews output 14, data processed by the researcher (2026).

Company size has a probability of 0.0003, less than 0.05, with a negative coefficient of -2.630712. These results indicate a negative and significant effect on firm value. Thus, H1, which predicts a positive and significant effect, is not supported.

Asset growth has a positive coefficient of 0.543542 with a probability of 0.5913. Because the probability is greater than 0.05, asset growth is not proven to have a significant effect on firm value. Therefore, H2 is not empirically supported.

Profitability has a negative coefficient of -0.519534 with a probability of 0.7558. These results indicate that profitability does not have a significant effect on firm value. Thus, H3 is not supported, while the direction of the negative coefficient cannot be interpreted as a proven negative effect.

Simultaneous Test (F-test)

The F-test is used to determine the combined effect of company size, asset growth, and profitability on firm value. Testing is conducted based on F-statistical values and their probabilities. The test results are presented in Table 16.

Table 16. Simultaneous Test Results (F-Test)

F-Statistic	Prob. (F-Statistic)	Results
5,455034	0,000000	Significant

Source: EViews output 14, data processed by the researcher (2026).

The F-statistic value is 5.455034 with a probability of 0.000000, indicating a significance value less than 0.05. Thus, company size, asset growth, and profitability simultaneously have a significant effect on firm value. These results support H4.

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Coefficient of Determination Test (Adjusted R^2)

The coefficient of determination is used to measure the model's ability to explain variations in firm value. This study uses Adjusted R^2 because it involves several independent variables. The results of the coefficient of determination test are presented in Table 17.

Table 17. Coefficient of Determination Test Results

R-squared	Adjusted R-squared	S.E. of Regression
0,547967	0,447516	2,007875

Source: EViews output 14, data processed by the researcher (2026).

The Adjusted R^2 value of 0.447516 indicates that the joint model of firm securities is able to explain 44.75% of the variation in firm value. The remaining 55.25% is related to other factors outside the model. In FEM, this explanatory ability also includes the contribution of firm fixed securities.

Table 18. Recapitulation of Hypothesis Testing Results

Hypothesis	Test Results	Results
H1: Company size has a significant positive effect	Significant negative	Rejected
H2: Asset growth has a significant positive effect	Not significant	Rejected
H3: Profitability has a significant positive effect	Not significant	Rejected
H4: All three variables have simultaneous effects	Significant	Accepted

Source: Data processed by the researcher (2026).

The test results show that only company size has a significant partial effect, but in a negative direction. Asset growth and profitability do not have a significant effect. Nevertheless, the three variables together have a significant effect on firm value.

DISCUSSION

The Influence of Company Size on Company Value

The results show that company size has a negative and significant effect on firm value with a coefficient of -2.6307 and a probability of 0.0003. These findings do not support H1, which predicts a positive effect. This means that the increase in company size in the research sample is related to a decrease in Tobin's Q.

These results differ from signal theory, which views large companies as having broader resources and access to funding. However, this finding aligns with Nikonov (2025), who found a negative effect of company size on firm value in food and beverage companies.

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One possible explanation relates to Tobin's Q measurement, which uses total assets as a denominator. When total assets increase faster than the market value of equity and liabilities, the Tobin's Q ratio has the potential to decline. Therefore, the negative relationship can be influenced by the mathematical correlation between measurements.

From the perspective of agency theory, large companies face organizational complexity and higher supervisory needs. If asset growth is not accompanied by efficient management, agency costs can rise. This condition potentially causes the market to not give a comparable appreciation to scaling up companies.

The Effect of Asset Growth on Firm Value

Asset growth has a positive coefficient of 0.5435 with a probability of 0.5913. These results indicate that asset growth does not have a significant effect on firm value. Thus, H2 is not supported even though the coefficient direction aligns with signal theory predictions.

These findings indicate that asset increases are not necessarily perceived by investors as positive signals. Asset increases take time before generating income and profits. If expansion has not provided adequate productivity, the market may not necessarily provide an increased valuation of the company.

The results align with Putri et al. (2024), who found that asset growth does not have a significant effect on firm value. However, these results differ from Makmur et al. (2022), who found a positive and significant effect in the food and beverage subsector.

From the agency theory perspective, management's investment decisions determine the productivity of the assets added. Proper expansion can increase business capacity, while less productive investments have the potential to increase company burdens. Differences in the quality of investment decisions may explain the insignificant impact of asset growth.

The Influence of Profitability on Firm Value

Profitability measured using ROA has a coefficient of -0.5195 with a probability of 0.7558. These results indicate that profitability does not have a significant effect on firm value. Thus, H3 is not supported even though the coefficient direction shows a negative relationship.

These results differ from Dewi and Romadhina (2026), who found a positive effect of profitability on firm value. Differences in results may be related to the observation period, company characteristics, and the proxy of firm value used in the study.

ROA reflects the ability to generate profit based on assets over the current period, while Tobin's Q describes market valuations that consider future prospects. Investors pay

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attention not only to historical earnings but also to business risk, cash flow, and company growth expectations.

The use of the Fixed Effect Model also causes estimates to place greater emphasis on changes in profitability within the same company over time. If ROA changes are not consistently followed by market response, the partial effect may be insignificant.

The Simultaneous Influence of Company Size, Asset Growth, and Profitability on Firm Value

The F-test results show a value of 5.455034 with a probability of 0.000000. These findings indicate that company size, asset growth, and profitability simultaneously have a significant effect on company value. Thus, H4 is empirically supported.

These results indicate that the three financial characteristics of the company together are related to market valuation. However, simultaneous significance does not mean that every independent variable must be significant individually. In this study, only the company size is significant through partial testing.

The Adjusted R^2 value of 0.4475 indicates a model explanation capability of 44.75%, including the contribution of the company's fixed securities. Other variations relate to factors not included in the study, such as capital structure, leverage, dividend policy, liquidity, and business risk.

Overall, the research results show that the fundamental condition of companies is not always interpreted by the market according to the direction predicted by theory. Asset and profitability improvements need to be accompanied by productive management, information transparency, and business strategies that can boost investor confidence.

CONCLUSION AND IMPLICATIONS

Conclusion

Based on the analysis results of 24 food and beverage subsector companies during 2020–2025, company size has a negative and significant effect on firm value. These findings indicate that increasing company scale does not necessarily increase market appreciation. These results do not support the first hypothesis that predicts a positive effect.

Asset growth does not have a significant effect on firm value. Although the regression coefficient shows a positive direction, the test results have not provided adequate statistical evidence. Thus, the increase in firm assets has not been individually proven to increase firm value.

Profitability measured using ROA does not have a significant effect on firm value. These results indicate that the ability to generate profit is not necessarily directly reflected

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in market valuation. Therefore, the third hypothesis predicting a positive and significant effect is not supported.

Simultaneously, company size, asset growth, and profitability have a significant effect on firm value. The Adjusted R^2 value of 0.4475 indicates that the firm securities joint model can explain 44.75% of the variation in firm value.

Theoretical Implications

The results of the study provide evidence that the relationship between company size and firm value does not always follow the positive predictions of signal theory. The negative effect of firm size indicates the importance of considering the complexity of asset management and efficiency. These findings provide additional perspective on agency theory in explaining the relationship between company characteristics and market valuation.

The insignificance of asset growth and profitability indicates that fundamental information does not always immediately receive market responses. These findings indicate that relationships between variables can be influenced by industry characteristics, observation periods, measurement proxies, and estimation approaches used.

Practical Implications

For company management, research results show the importance of ensuring that every asset addition contributes productively. Investment evaluation needs to consider cash flow potential, operational efficiency, and rate of return so that resource enhancement can support company value.

For investors, company size, asset growth, and profitability should not be used as the sole basis for investment decisions. Valuation needs to consider capital structure, dividend policy, business risk, and the prospects of each company.

For academics, this study can serve as an empirical reference regarding factors related to the company value of the food and beverage subsector. The results also provide an overview of the differences in research findings during the pandemic period and economic recovery.

Limitations and Research Suggestions

This study is limited to three independent variables, one subsector, and six years of observation. Furthermore, the test results show a positive autocorrelation. Both company size measurement and Tobin's Q also involve total assets, thus potentially causing mathematical correlations.

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Future research suggests adding variables such as capital structure, leverage, dividend policy, and liquidity. The use of alternative proxies such as sales for company size and Price to Book Value for company value can also be considered.

Future research can extend the observation period and expand the research object to other subsectors. The use of robust standard errors on heteroscedasticity and autocorrelation as well as model robustness *checks is* also recommended.

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