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An Analysis of the Influence of Liquidity Ratios, Stock Prices, Profitability, and Capital Structure on Earnings Growth as an Intervening Variable (Study on Food and Beverage Companies' Firm Values)

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ABSTRACT

Investment in the food and beverage (F&B) sector has become increasingly popular. This study analyzes the impact of financial ratios on the firm value of F&B companies listed on the IDX during the 2019-2023 period. The results show that the liquidity ratio (X1) and capital structure (X3) significantly influence firm value (Y) through the mediation of company growth (Z). Conversely, stock price profitability (X2) does not significantly impact firm value (Y) through the mediation of earnings growth (Z). These findings suggest that investors should consider these ratios when making investment decisions, as they can optimize their portfolios and achieve long-term financial goals. This research contributes to the financial literature by providing empirical evidence on the factors affecting firm value in the F&B sector in Indonesia. Additionally, intelligent investing can yield optimal financial returns for investors.

ABSTRAK

Investasi di sektor makanan dan minuman (F&B) semakin populer. Studi ini menganalisis dampak rasio keuangan terhadap nilai perusahaan F&B yang terdaftar di IDX selama periode 2019-2023. Hasil penelitian menunjukkan bahwa rasio likuiditas (X1) dan struktur modal (X3) berpengaruh signifikan terhadap nilai perusahaan (Y) melalui peran pertumbuhan perusahaan (Z) sebagai variabel perantara. Sebaliknya, profitabilitas harga saham (X2) tidak memiliki dampak signifikan terhadap nilai perusahaan (Y) melalui peran pertumbuhan laba (Z). Temuan ini menyarankan agar investor mempertimbangkan rasio-rasio tersebut dalam pengambilan keputusan investasi, sehingga mereka dapat mengoptimalkan portofolio dan mencapai tujuan finansial jangka panjang. Penelitian ini memberikan kontribusi pada literatur keuangan dengan menyajikan bukti empiris mengenai faktor-faktor yang mempengaruhi nilai perusahaan di sektor F&B di Indonesia. Selain itu, investasi yang cerdas dapat memberikan hasil finansial yang optimal bagi investor.

INTRODUCTION

In today's industrial world, competition among businesses is intensifying as they continually evolve. This trend is supported by the growing number of companies and financial institutions. As a result, companies must adapt and implement strategies to achieve the competitive edge needed in this dynamic environment. Many investors are focusing on stock investments, making them a highly sought-after asset class. A notable trend is the increasing investment in companies that produce consumer goods, particularly within the food and beverage industry.

The rising presence of food and beverage companies on the Indonesia Stock Exchange (IDX) highlights the sector's immense popularity among investors seeking capital

allocation or equity acquisition opportunities. Data from 2020 to 2021 indicates that this industry experienced remarkable growth of 2.54 percent, reaching a value of Rp 775.1 trillion. According to the Central Statistics Agency (BPS), the food and beverage sector's contribution to Indonesia's GDP is projected to reach Rp 1.12 quadrillion in 2021, accounting for a significant 38.05 percent of the overall industrial GDP (Source: www.djkn.kemenkeu.go.id, 2023).

As the food and beverage industry continues to grow, investors are increasingly drawn to listed companies in this sector on the IDX. The following list highlights some of the prominent players in the continually expanding food and beverage sector:

Table 1 *List Companies F&B on BEI Period 2019-2023*

No.	Code Companies	List Companies
1.	DLTA	Delta Djakarta Tbk.
2.	ROTI	Nippon Indosari Corpindo Tbk.
3.	ICBP	Indofood CBP Sukses Makmur Tbk.
4.	ADES	Akasha Wira International Tbk.
5.	CAMP	Campina Ice Cream Industry Tbk.
6.	MYOR	Mayora Indah Tbk.
7.	STTP	Siantar Top Tbk.
8.	CLEO	Sariguna Primatirta Tbk.
9.	GOOD	Garuda Food Putra Putri Jaya Tbk.
10.	CEKA	Wilmar Cahaya Indonesia Tbk.
11.	INDF	Indofood Sukses Makmur Tbk.
12.	HOKI	Buyung Poetra Sembada Tbk.
13.	MLBI	Multi Bintang Indonesia Tbk.
14.	SKLT	Sekar Laut Tbk.
15.	SKBM	Sekar Bumi Tbk.
16.	KEJU*	Mulia Boga Raya Tbk. [S]
17.	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk. [S]

Source: www.idx.co.id**, 2023**

The food and beverage sector is experiencing remarkable growth, as evidenced by Table 1 from the Indonesia Stock Exchange (IDX) covering the period from 2019 to 2023. Due to the essential nature of food and beverage products for the general public, this sector has become a magnet for investors. Research by Sukmawardini and Ardiansari (2018) shows that liquidity ratios are crucial for assessing a company's ability to meet its ongoing responsibilities both internally and externally. External stakeholders, such as creditors and investors, tend to place greater trust in companies with high liquidity ratios. Husna and Satria (2019) found that businesses require readily available cash assets—such as cash on hand, near-term receivables, and inventory that can be quickly converted into cash—to meet their short-term liabilities. In this context, the current ratio (CR) is used as a proxy for liquidity. The CR measures the extent to which current assets cover current liabilities. A higher CR indicates a greater ability to meet short-term obligations, enhancing a company's financial standing and instilling confidence among external stakeholders.

Profitability refers to a company's ability to generate earnings with the resources at its disposal. Improving profitability is closely linked to increasing shareholder value and optimizing business performance. Investors in a company's stock market naturally seek returns on their investments. When a company demonstrates the ability to generate profits that meet investor expectations, its value increases. Research by Kasmir (2018) indicates that Return on Assets (ROA) serves as a profitability ratio, showing how effectively a business generates profits relative to its total assets.

In addition to securing financing for their operations, businesses must determine their cost of capital. Capital structure, or the composition of a company's financing sources, significantly impacts its financial position. According to Widyaningrum (2019), an ideal capital structure aims to achieve an optimal weighted average cost of capital (WACC) to enhance business value. This study is supported by two prominent theories: the trade-off theory and the pecking order theory. The debt-to-equity ratio (DER) serves as a key tool for analyzing capital structure. A higher DER indicates a higher level of risk, as noted by Kartika (2018), because companies rely more on debt than equity to finance their operations. However, utilizing debt financing can also enhance a company's value.

Earnings growth, also known as earnings growth, refers to the percentage increase in a company's profits from one year to the next. Significant earnings growth is often considered an indicator of good financial health and can enhance a company's valuation, as suggested by Dianitha et al. (2020).

Table 2 *Score PBV on the F&B Industry Period 2019-2023*

No	List Companies	Price Book to Value (PBV)				
		2019	2020	2021	2022	2023
1.	Delta Djakarta Tbk.	4,84	3,61	3,12	2,86	3,15
2.	Nippon Indosari Corpindo Tbk.	2,64	3,12	2,85	2,89	3,09
3.	Indofood CBP Sukses Makmur Tbk.	1,34	0,8	0,67	0,68	0,57
4.	Akasha Wira International Tbk.	1,17	1,34	2,30	3,77	3,51
5.	Campina Ice Cream Industry Tbk.	2,41	1,86	1.70	1,58	2,53
6.	Mayora Indah Tbk.	5,09	5,6	4,12	4,00	3,95
7.	Siantar Top Tbk.	2,91	4,93	3,18	3,12	2,66
8.	Sariguna Primatirta Tbk.	8,31	3,53	5,71	5,45	6,21
9.	Garuda Food Putra Putri Jaya Tbk.	4,19	3,53	6,73	6,5	4,33
10.	Wilmar Cahaya Indonesia Tbk.	0,95	0,89	0,84	0,97	0,68
11.	Indofood Sukses Makmur Tbk.	1,34	0,8	0,67	0,68	0,57
12.	Buyung Poetra Sembada Tbk.	3,63	3,78	2,64	1,94	2,57
13.	Multi Bintang Indonesia Tbk.	41.0	15,7	19,4	15,9	13,06
14.	Sekar Laut Tbk.	2,98	2,72	3,78	2,46	3,1

15.	Sekar Bumi Tbk.	0,68	0,58	0,65	0,63	0,51
16.	Mulia Boga Raya Tbk. [S]	3,79	4,70	3,26	3,05	2,70
17.	Ultra Jaya Milk Industry & Trading Company Tbk. [S]	3,56	3,98	3,79	3,07	2,87

Source: www.idx.co.id, 2024

PBV serves as an indicator for gauging the valuation of a company. Table 2 illustrates the annual fluctuations in PBV across different companies. However, companies such as DLTA, GOOD, ULTJ, and ROTI exhibit relatively consistent average PBV levels. Investors may consider investing in these companies to capitalize on the potential for future earnings. Profitability is a crucial factor in a firm's pursuit of value maximization. To achieve higher profits, businesses must focus on enhancing their profitability, which can also bolster their corporate image. Against this backdrop of economic growth and industry dynamism, the present study aims to explore the financial performance of companies operating within the Indonesian F&B sector. Specifically, the research seeks to investigate the influence of key financial ratios, profitability, and stock price on company value, with profit growth as an intervening variable. By examining these factors over a five-year period (2019-2023), the study aims to provide valuable insights into the drivers of value creation within the Indonesian F&B industry.

RESEARCH METHOD

This research focuses on companies operating in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023. Out of 96 companies, 12 were selected using purposive sampling to meet the research criteria set by the authors (2024). The study employs quantitative data, specifically numerical data. This data was sourced from secondary sources, namely the audited financial statements of companies in the food and beverage subsector from 2019 to 2023. Data collection was conducted through documentation, with information obtained from the IDX website (www.idx.co.id) and the official websites of the respective companies.

The variables used in this study include independent variables such as the Current Ratio (CR), Return on Assets (ROA), and Debt-to-Equity Ratio (DER). The dependent variable is Firm Value, proxied by Price to Book Value (PBV), and the intervening variable is Earnings Growth. Data analysis was performed using multiple linear regression and path analysis with SPSS version 25.

RESULTS and DISCUSSION

Descriptive Statistics

Table 3 *Descriptive Statistics Result*

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity Ratio (X_1)	60	-3,098	10,568	2,87150	2,392222
Stock Price Probability (X_2)	60	-2,229	23,507	4,94050	5,982396
Capital Structure (X_3)	60	-1,029	2,727	0,83767	0,936524
Earning Growth (Z)	60	-2,172	661,725	47,17335	101,523937

Firm Value (Y)	60	0,897	4,408	2,59117	0,791701
Valid N (listwise)	60				

Source: Data has been processed with SPSS 25, 2024

Based on table 1 reveals that the dataset displays a considerable degree of variability, especially in the earnings growth variable (Z). The mean value of the firm value variable (Y) is lower than that of the other variables.

Parametric Test 1-One Sample KS

Table 4 *One-Sample Kolmogorov-Smirnov Test*

		Unstandardized Residual
N		60
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.10591165
Most Extreme Differences	Absolute	.096
	Positive	.096
	Negative	-.064
Test Statistic		.096
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Data has been processed with SPSS 25, 2024

The results of the One-Sample Kolmogorov-Smirnov test presented in Table 4 reveal an asymptotic significance level (two-tailed) of 0.200. This finding suggests that the data in this study is consistent with a normal distribution. Given that this value exceeds the conventional significance level of 0.05, we fail to reject the null hypothesis of normality.

The Classical Assumption Test

Normality Test

The normal probability plot suggests that the residuals from the regression model are approximately normally distributed, as the observed data points closely follow the theoretical normal distribution line.

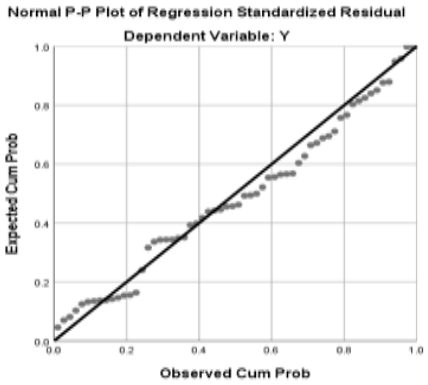

Figure 1 *Normality Test Result*

Source: Data has been processed with SPSS 25, 2024

Heteroscedasticity Test

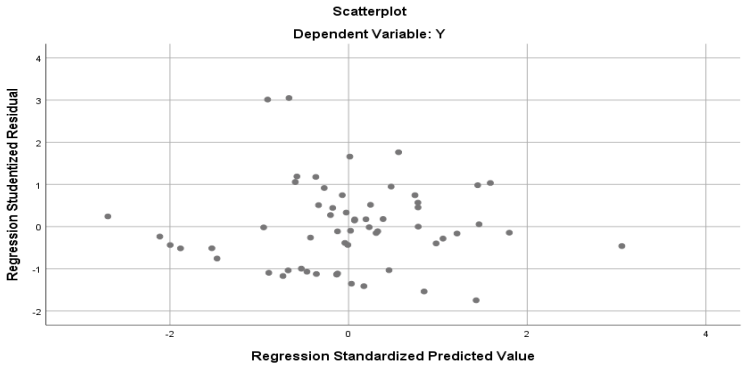

Figure 2 *Heteroscedasticity Test Result*
Source: Data has been processed with SPSS 25, 2024

Based in Figure 2 the top, the scatterplot does not exhibit any patterns suggestive of heteroscedasticity. The data points are evenly distributed around the horizontal zero line, indicating homoscedasticity.

Multicollinearity Test

Table 5 *Result of Multicollinearity Test*

Model		Collinearity Statistics	
		Tolerance	VIF
1	Liquidity Ratio (X_1)	.616	1.622
	Stock Price Probability (X_2)	.779	1.284
	Capital Structure (X_3)	.586	1.706
	Earning Growth (Z)	.935	1.070

a. Dependent Variable: Y

Source: Data has been processed with SPSS 25, 2024

In the provided context, the statement that "Variables with score tolerance >0.10 and VIF <5" suggests that all the independent variables have tolerance values above 0,1 and VIF values below 5. This indicates that none of the variables exhibit high collinearity, and the relationships between the independent variables are not strong enough to significantly impact the stability and interpretation of the regression analysis.

Autocorrelation Test and Determination Test

Table 6 *Result of Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.510[a]	.260	.206	1.14542	2.069

a. Predictors: (Constant), Z, X1, X2, X3

b. Dependent Variable: Y

The Durbin-Watson statistic, as reported in Table 5, is within the acceptable range of 1.5 to 2.5, indicating that there is no significant autocorrelation present in the regression model. The obtained value of 2.069 supports the assumption of independent errors. However, the model's explanatory power, as measured by R-squared, is relatively low at 0.260. This suggests that only 26% of the variation in the dependent variable can be explained by the included independent variables.

Simultaneous Test (Uji F)

Table 7 *Result of Simultaneous Test*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.309	4	6.327	4.823	.002[b]
	Residual	72.159	55	1.312		
	Total	97.468	59			

a. Dependent Variable: Y

b. Predictors: (Constant), Z, X1, X2, X3

Source: Data has been processed with SPSS 25, 2024

Based on the table , the calculated F-statistic of 4.823 exceeds the critical F-value of 2.54 at the 0.002 level of significance, leading to the rejection of the null hypothesis. This finding provides strong evidence that the overall regression model is statistically significant in explaining the variation in the dependent variable.

Partial Test

Path Analysis and Regression Analysis

Path analysis is a statistical technique used to examine causal relationships between multiple variables. It allows researchers to model and quantify the direct and indirect effects of one variable on another. Path analysis is commonly used in social sciences, economics, and business research.

Table 8 *Result of Regression I*

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.497	.532		6.569	.000
	Liquidity Ratio (X_1)	-.172	.101	-.252	-1.703	.094
	Stock Price Probability (X_2)	.073	.028	.336	2.557	.013
	Capital Structure (X_3)	-.855	.337	-.384	-2.535	.014
	Earning Growth (Z)	-.001	.002	-.094	-.781	.438

a. Dependent Variable: Y

Source: *Data has been processed with SPSS 25, 2024*

$$\text{Firm Value (Y)} = 3.497 + (-0.172)\ X_1 + 0.073\ X_2 + (-0.855)\ X_3 + (-0.001)\ Z + e$$

Based on Table, the regression results reveal that firm value is significantly influenced by a combination of factors. variables X1 and X3 exhibit a negative relationship with firm value, whereas variable X2 has a positive relationship. The impact of variable Z, however, is found to be statistically insignificant.

Table 9 *Result of Regression II*

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	93.055	15.918		5.846	.000
	Liquidity Ratio (X_1)	.305	2.838	.006	.107	.915
	Stock Price Probability (X_2)	5.529	.797	.323	6.937	.000
	Capital Structure (X_3)	18.949	9.353	.108	2.026	.048
	Earning Growth (Z)	-34.712	1.565	-.943	-22.183	.000

a. Dependent Variable: Z

Source: *Output SPSS 25, Data has been Processed (2024)*

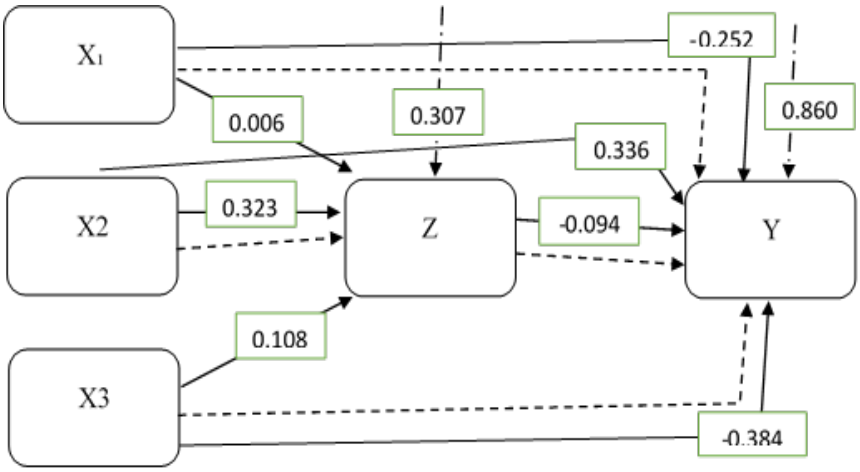

Figure 3 *Result of Path Analysis*
Source: *Data has been processed with SPSS 25, 2024*

DISCUSION

H1: Impact of Liquidity Ratio (X_1) on Firm Value in Food and Beverage Companies Listed on the IDX

Regression analysis revealed a negative relationship between liquidity ratio and firm value, as indicated by a regression coefficient of -0.172. However, statistical tests showed that this relationship was not statistically significant. In other words, we cannot conclude that an increase in liquidity ratio directly causes a decrease in firm value for the sample of food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. These findings align with previous research by Fauziah (2024) and Irwanto et al. (2023), who also did not

find a significant relationship between liquidity and firm value in the same sector. However, our results contradict the findings of Simanjuntak and Silaban (2023), who reported a positive and significant relationship between the two variables. The differences in findings across studies may be attributed to various factors, such as differences in research periods, sample companies, or variable definitions. Our findings appear to contradict the signaling theory, which posits that firms with higher liquidity are more attractive to investors. However, our results suggest that investors in our sample may not interpret an increase in liquidity as a positive signal. While our study did not find a significant relationship between liquidity and firm value, it is important to note that these findings are specific to the particular sample and time period studied. Further research with a larger sample and longer time period is needed to generalize these findings.

H2: Impact of Stock Price Profitability (X_2) on Firm Value in Food and Beverage Companies Listed on the IDX

Regression analysis revealed that share price profitability (X_2) has a positive and significant impact on firm value (Y), as evidenced by a regression coefficient of 0.073 and significant t-test results. This finding is consistent with previous research by Anggarini (2022), Abdurachman and Dwi (2023), and other studies that have shown a positive relationship between profitability and firm value. These results suggest that an increase in profitability, as reflected in higher ROA, can enhance a firm's attractiveness to investors and ultimately contribute to increased firm value. While previous studies have shown a positive relationship between profitability and firm value, this study provides more specific evidence regarding the impact of share price profitability on the food and beverage sector. The difference in results compared to Muharramah and Hakim (2021), who found no significant relationship in the property, construction, and building sector, may be due to differences in industry characteristics, business cycles, or other factors. This study suggests that the impact of profitability on firm value may vary across sectors.

H3: Impact of Capital Structure (X_3) on Firm Value in Food and Beverage Companies Listed on the IDX

Regression analysis reveals a negative and significant correlation between capital structure (X_3) and firm value (Y). This implies that a higher debt ratio within the capital structure is associated with a lower firm value. This finding aligns with previous studies by Supriandi (2023), Triastuty Wulandari et al. (2022), and Wijareni (2023) which also reported a negative relationship between capital structure and firm value. This result can be explained by the pecking order theory. This theory posits that firms prefer internal financing (equity) over external financing (debt) due to agency costs and information asymmetry associated with debt. Excessive debt can lead to higher financial risks, such as liquidity problems, and ultimately reduce firm value. However, the findings of this study appear to contradict the trade-off theory. This theory suggests that firms will achieve an optimal capital structure by balancing the costs and benefits of debt. The tax shield benefits of debt can increase firm value.

H4: Impact of Earnings Growth as an Intervening Variable (Z) on Firm Value in Food and Beverage Companies Listed on the IDX

Regression analysis indicates that earnings growth (Z) has no significant impact on firm value (Y). This finding contradicts the initial expectation that earnings growth would be positively correlated with firm value. This result is consistent with previous studies by Purnamasari and Yuliana (2024) and Pebriani et al. (2019), which also found no significant relationship between earnings growth and firm value. This research result can be explained from several perspectives.

First, high-growth companies often require significant funding to support their expansion. This can lead companies to reduce or delay dividend payments to shareholders. Investors may assume that high-growth companies have higher investment opportunities in the future, but they must also consider the risks associated with high growth, such as uncertainty and increased competition. Additionally, the signaling theory, which states that earnings growth is a positive signal for investors, does not fully apply in the context of this study. Although earnings growth may indicate good company performance, investors also consider other factors such as risk levels, capital structure, and industry prospects. In some cases, high earnings growth may indicate that the company is taking higher risks to achieve that growth. This research has important implications for investors, company management, and policymakers. Investors need to be cautious when evaluating high-growth companies. Although earnings growth is an important indicator, investors should also consider other factors such as the quality of earnings, financial structure, and industry prospects. Company management needs to balance between growth and long-term profitability. Excessive growth can sacrifice the company's financial stability.

H5: Impact of Liquidity Ratio (X_1) on Earnings Growth in Food and Beverage Companies Listed on the IDX

Regression analysis indicates that liquidity ratio (X_1) has no statistically significant impact on earnings growth (Y). This finding suggests that an increase in the liquidity ratio, which reflects a company's ability to meet short-term obligations, does not directly contribute to increased earnings growth. This result is consistent with previous studies by Luh N & Widyantari P (2017), Yanti (2017), and Puspasari M & Febriana et al. (2017) which also found similar results. This research result can be explained by several factors. First, the liquidity ratio is a measure of a company's ability to meet short-term obligations, and is not a direct indicator of operational efficiency or a company's ability to generate profits. Second, excess liquidity can hinder earnings growth. This is because funds tied up in excessive current assets are not used effectively for profit-generating operations. This research result differs from the findings of Rini Aisyah et al. (2021) who found a positive relationship between liquidity ratio and earnings growth. This difference may be due to several factors, such as different research periods, different company samples, or different variable definitions. This research has important implications for company management. Companies need to maintain sufficient liquidity levels to meet short-term obligations, but do not need to have excessive liquidity. Excess liquidity can hinder earnings growth and reduce asset utilization efficiency. Management needs to optimize the use of company funds for activities that can generate profits, such as investment in new projects or product development.

H6: Impact of Stock Price Profitability (X_2) on Earnings Growth in Food and Beverage Companies Listed on the IDX

Regression analysis indicates that stock price profitability (X_2) has a positive and significant impact on earnings growth (Z). This means that an increase in stock price profitability is directly proportional to an increase in company earnings growth. This finding is in line with previous research by Hayyin Aisyah et al. (2023) and Safitri and Mukaram (2018) which also found a positive and significant relationship between profitability and earnings growth in the food and beverage industry. This research result has important implications for company management, investors, and policymakers. Companies need to focus on increasing profitability to drive long-term growth.

H7: Impact of Capital Structure (X_3) on Earnings Growth in Food and Beverage Companies Listed on the IDX

Multiple linear regression analysis reveals a positive and significant relationship between capital structure (X_3) and earnings growth (Z). This implies that an increase in the debt-to-equity ratio (as a proxy for capital structure) is directly proportional to an increase in company earnings growth. This finding suggests that the optimal use of debt can be an effective source of funding to drive business growth. These results align with previous research by Rini Aisya et al. (2021) and Hayyin Aisyah et al. (2023) which also found a positive relationship between capital structure and earnings growth. However, these findings contrast with the study by Risnawati Aryanto U et al. (2018) which did not find a significant relationship. Differences in research results may be attributed to factors such as different research periods, different company samples, or different variable definitions. The theories that support the positive relationship between capital structure and earnings growth are the trade-off theory and the signaling theory. The trade-off theory suggests that companies will choose an optimal capital structure by considering the costs and benefits of debt. The use of debt can increase return on assets (ROA) as interest on debt can be charged as an expense, thus reducing the tax burden. However, increasing debt also increases the company's financial risk. Conversely, the signaling theory explains that healthy companies with good growth prospects tend to find it easier to obtain debt at a lower cost. Thus, the use of debt can be a positive signal to investors. The results of this study have important implications for company management in optimizing capital structure to achieve sustainable growth.

H8: Impact of Liquidity Ratio (X_1) on Firm Value with Earnings Growth as an Intervening Variable: A Study of Food and Beverage Companies Listed on the Indonesian Stock Exchange (IDX)

Path analysis reveals a significant indirect effect of liquidity ratio (X_1) on firm value (Y) through earnings growth (Z). This indicates that an increase in liquidity ratio positively impacts earnings growth, which in turn enhances firm value. The findings suggest that liquidity ratio plays a crucial role in creating firm value by boosting profitability. These results are partially consistent with previous research by Fauziah (2024), which found a positive relationship between liquidity ratio and firm value through earnings growth. A high liquidity ratio signifies that a company has sufficient cash reserves to withstand economic uncertainties. This reduces the company's financial risk and boosts investor confidence. However, these findings diverge from Wijareni's (2023) study, which did not find a significant relationship. Discrepancies in research outcomes might be attributed to factors such as differing research periods, company samples, or variable definitions. The research implications are significant for company management, highlighting the importance of maintaining a healthy liquidity level to foster long-term growth. While increasing liquidity ratios is beneficial, it should be accompanied by efforts to improve earnings growth.

H9: Impact of Stock Price Profitability (X_2) on Firm Value with Earnings Growth as an Intervening Variable: A Study of Food and Beverage Companies Listed on the Indonesian Stock Exchange (IDX)

Path analysis reveals an insignificant indirect effect of stock price profitability (X_2) on firm value (Y) through earnings growth (Z). This implies that an increase in stock price profitability does not automatically lead to an increase in firm value through increased earnings growth. The findings indicate that earnings growth does not serve as a significant mediator in the relationship between stock price profitability and firm value. This means that an increase in profitability is not always followed by a direct increase in firm value. Other factors not captured in this research model may play a more significant role in determining firm value. These findings align with previous research by Fauziah et al. (2024) which also found that stock price profitability has an insignificant impact on firm value through earnings growth. This suggests a consensus among previous studies that the mechanism of the relationship between these variables is more complex than previously thought.

H10: Impact of Structure Modal (X_3) on Firm Value with Earnings Growth as an Intervening Variable: A Study of Food and Beverage Companies Listed on the Indonesian Stock Exchange (IDX)

Path analysis reveals a significant indirect effect of capital structure (X_3) on firm value (Y) through earnings growth (Z). This implies that an increase in capital structure (higher debt-to-equity ratio) can boost a firm's earnings growth, which in turn enhances firm value. The findings suggest that optimal debt financing can be an effective source of funds to drive business growth and increase firm value. These results align with previous research by Khotmi H et al. (2023), which also found a positive relationship between capital structure and firm value through earnings growth. This consensus among prior studies indicates that an optimal capital structure can positively contribute to firm performance. Debt financing can increase the capital available for investment, thereby boosting production capacity and sales. Increased operational activities can lead to higher earnings. While this research demonstrates a positive impact of capital structure on firm value, it is important to note that debt financing also entails risks. A higher debt-to-equity ratio increases interest expense and liquidity risk. Therefore, firms must carefully manage their capital structure to avoid excessive financial risk.

CONCLUSIONS

The objective of this research is to examine the impact of liquidity ratios, share price profitability, capital structure, and earnings growth on firm value within the food and beverage industry listed on the Indonesia Stock Exchange from 2019 to 2023. The findings reveal that a combination of financial factors, including profitability, capital structure, and earnings growth, significantly influences firm value. Although the liquidity ratio does not exhibit a direct and substantial impact, it indirectly affects firm value through more complex channels. Consequently, the results of this study offer valuable insights for investors, corporate managers, and policymakers in making informed decisions regarding investments, corporate governance, and capital market regulation.

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