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Determinants Of Firm Value: Assessing The Roles Of Capital Structure, Liquidity, And Firm Size

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Abstract
The food and beverage sector is one of the key contributors to the Indonesian economy and has maintained relatively stable performance despite global economic uncertainty. However, rising production costs, inflationary pressures, and changing consumer demand during the 2021–2024 period may have affected firm value. This study aims to examine the effects of capital structure, liquidity, and firm size on firm value in food and beverage companies listed on the Indonesia Stock Exchange. A quantitative research design was employed using secondary data obtained from the annual reports and financial statements of companies during the 2021–2024 period. The sample consisted of 136 firm-year observations selected through purposive sampling, and the data were analyzed using panel data regression with EViews 12. The results indicate that capital structure, measured by the Debt to Asset Ratio (DAR), has a positive and significant effect on firm value, while liquidity, measured by the Cash Ratio, has a positive but insignificant effect, and firm size, measured by Ln Sales, has a negative but insignificant effect on firm value, measured by the Price Earnings Ratio (PER). Simultaneously, capital structure, liquidity, and firm size significantly influence firm value. These findings provide updated empirical evidence regarding the determinants of firm value in Indonesia's food and beverage sector and offer practical implications for managers and investors in making financing, liquidity management, and investment decisions.

Keywords: Capital Structure; Liquidity; Firm Size; Firm Value

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INTRODUCTION

The increasingly dynamic global economy and high levels of business competition are driving public companies to continuously improve their competitiveness to optimize their value. Corporate value is one of the primary goals every company strives to achieve, reflecting investor confidence, maximizing shareholder wealth, and demonstrating the company's future growth prospects (Asyik et al., 2024; Gitman & Zutter, 2015; Rustiyana Rustiyana et al., 2025). The higher the company's value, the greater investor interest in investing, thus improving the company's chances of obtaining funding to support its operations and business expansion (Adamu & Hamidah, 2023; Nurwulandari, 2021; Widyakto et al., 2024).

In Indonesia, the manufacturing sector plays a significant role in national economic growth. One subsector with a strategic role is the food and beverage subsector. This industry is a key pillar of the non-oil and gas processing industry because it produces products that are essential for society and have relatively stable demand (Wirawan et al., 2023) Furthermore, along with the economic recovery following the COVID-19 pandemic, the food and beverage subsector has shown quite strong growth. However, companies in this subsector still face various challenges, such as rising raw material prices, inflationary pressures, fluctuations in the rupiah exchange rate, and changes in consumer consumption patterns, all of which impact the company's financial condition and financial performance (Makrus & Radiansyah, 2025; Widyakto et al., 2024)

This condition is reflected in the phenomenon that occurred in companies in the food and beverage subsector during the 2021–2024 period. Research data show that several companies experienced an increase in debt usage, reflected in a high Debt-to-Asset Ratio (DAR). This condition indicates that companies are increasingly dependent on external funding to finance their assets and operational activities. On the one hand, using debt can be a company's strategy to obtain additional capital; on the other hand, excessively high debt levels can increase financial risk and potentially erode investor confidence in the company (Adamu & Hamidah, 2023; Jensen & Meckling, 1976; Ross, 1977; Wirawan et al., 2023)

In addition to capital structure, a company's liquidity also shows significant variation. Some companies have relatively high cash ratios, indicating a strong ability to meet short-term obligations. However, there are also companies with low liquidity levels, indicating limited cash to meet current obligations. Excessively high liquidity levels do not necessarily reflect optimal conditions, as they may indicate a company's inability to manage cash productively. Therefore, effective liquidity management is a factor that can influence investor perceptions of a company's value (Endraria & Sagara, 2025; Fauziah & Widhiastuti, 2025; Kasmir, 2019; Van Horne & Wachowicz, 2008)

Furthermore, company size, as proxied by Ln Sales, also shows significant differences between companies. Companies with larger sales levels generally have a larger business scale, easier access to funding, greater competitiveness, and a better ability to weather economic uncertainty. Conversely, companies with relatively low sales levels tend to have limited resources and face greater business risks. These differences in characteristics make company size a factor suspected of influencing company value (Farida Situmorang et al., 2025; Gitman & Zutter, 2015; Indiraswari, 2024; Nuraghnia & Ramli, 2024)

Theoretically, the relationship between capital structure, liquidity, firm size, and firm value can be explained through Agency Theory and Signaling Theory. Agency Theory explains that the separation between company owners (principals) and management (agents) may create conflicts of interest. Financing policies through the

use of debt can serve as a control mechanism over managerial actions, thereby mitigating agency conflicts and encouraging managers to improve corporate performance (Jensen & Meckling, 1976). Meanwhile, Signaling Theory explains that information disclosed by companies through financial reports, including capital structure, liquidity, and firm size, provides signals to investors regarding the company's financial condition and future prospects. Positive signals are expected to increase investor confidence and ultimately enhance firm value (Adamu & Hamidah, 2023; Ross, 1977; Rustiyana Rustiyana et al., 2025).

In this study, capital structure is proxied using the Debt-to-Asset Ratio (DAR) because this ratio indicates the proportion of a company's assets financed by debt (Gitman & Zutter, 2015) Liquidity is proxied using the Cash Ratio (CR), which illustrates a company's ability to meet short-term obligations with available cash (Kasmir, 2019; Van Horne & Wachowicz, 2008). Meanwhile, firm size is proxied using the natural logarithm of total sales (Ln Sales) to represent the scale of the company's operations based on total sales (Gitman & Zutter, 2015). Firm value is measured using the Price-to-Earnings Ratio (PER) because this ratio reflects how investors assess a company's future earnings prospects and growth opportunities (Gitman & Zutter, 2015).

Although numerous studies have examined the influence of capital structure, liquidity, and firm size on firm value, previous research results remain inconsistent. Several studies reported that capital structure has a positive and significant effect on firm value because an optimal financing policy enhances investor confidence and improves corporate performance (Adamu & Hamidah, 2023; Makrus & Radiansyah, 2025; Widyakto et al., 2024; Wirawan et al., 2023). However, other studies found that capital structure has no significant influence on firm value, suggesting that the impact of financing decisions may vary across industries and economic conditions (Nuraghnia & Ramli, 2024; Saputra et al., 2025). Likewise, empirical findings regarding liquidity remain inconclusive. Some researchers concluded that liquidity does not significantly affect firm value because investors tend to focus more on profitability and future growth opportunities than on short-term financial capability (Endraria & Sagara, 2025; Nurwulandari, 2021; Siahaan & Iskandar, 2021). Conversely, other studies argued that adequate liquidity improves firm value by increasing financial flexibility and reducing financial risk (Agung et al., 2025; Fauziah & Widhiastuti, 2025). Similarly, previous studies concerning firm size have produced mixed findings. Several researchers found that larger firms tend to have higher firm value because they possess stronger market positions, easier access to financing, and greater operational efficiency (Farida Situmorang et al., 2025; Indiraswari, 2024). In contrast, other studies reported that firm size has no significant influence on firm value after controlling for other financial characteristics (Nuraghnia & Ramli, 2024; Saputra et al., 2025; Yuliani & Jonnardi, 2021).

To address these inconsistent findings, this study investigates food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. This period represents the post-pandemic economic recovery, characterized by changes in corporate financing structures, fluctuations in liquidity levels, and increasing business activities reflected in sales growth (Makrus & Radiansyah, 2025; Wirawan et al., 2023). Therefore, this study is expected to provide updated empirical evidence regarding the influence of capital structure, liquidity, and firm size on firm value under recent economic conditions.

This research is expected to make several contributions. First, it extends the literature on the determinants of firm value from the perspectives of Agency Theory

and Signaling Theory (Jensen & Meckling, 1976; Ross, 1977). Second, it provides updated empirical evidence regarding the relationship between capital structure, liquidity, firm size, and firm value in Indonesian food and beverage companies during the 2021–2024 period. Third, the findings are expected to assist company management in formulating financing policies, liquidity management strategies, and business expansion decisions to enhance firm value. Furthermore, the results are expected to provide useful information for investors in making investment decisions and to serve as a reference for future studies examining the determinants of firm value.

Based on the theoretical explanation, empirical phenomena, and research gaps described above, the research hypotheses are formulated as follows:
H1: Capital Structure (Debt-to-Asset Ratio) has a significant effect on Firm Value.
H2: Liquidity (Cash Ratio) has a significant effect on Firm Value.
H3: Firm Size (Ln Sales) has a significant effect on Firm Value.

METHODS

Study design and setting

This study employed a quantitative approach with an explanatory research design to investigate the effects of capital structure, liquidity, and firm size on firm value. The analysis utilized secondary data obtained from the audited annual reports and financial statements of food and beverage companies listed on the Indonesia Stock Exchange (IDX). The observation period covered the 2021–2024 fiscal years, representing the post-pandemic economic recovery phase. A balanced panel dataset, consisting of both cross-sectional and time-series observations, was analyzed using panel data regression techniques with the support of EViews 12 software.

Population, samples and sampling

The subjects of this study are companies in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. The sample was selected using purposive sampling based on the following criteria:

Table 1. Demographic characteristics of the Sample.

Characteristics	Amount
Food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2024.	83
Food and beverage sector companies that were not publicly listed (IPO) during the 2021–2024 period.	(13)
Food and beverage sector companies that did not publish complete annual reports and sustainability reports as of December 31 during the 2021–2024 period.	(13)
Food and beverage sector companies with outlier data	(23)
Total Sample	34
Total Observations (Total Sample x Number of Research Periods) (34 x 4)	136

Based on these criteria, 34 companies were selected, resulting in 136 firm-year observations over the four-year period.

The dependent variable was Firm Value, measured using the Price-to-Earnings Ratio (PER). The independent variables comprised Capital Structure, measured by the Debt-to-Asset Ratio (DAR), Liquidity, measured by the Cash Ratio (CR), and Firm Size, measured by the natural logarithm of total sales (Ln Sales).

Instruments and criteria

The population in this This study involves two types of variables: independent variables and a dependent variable. The dependent variable is firm value, measured using the Price-Earnings Ratio (PER). Meanwhile, the independent variables include capital structure, proxied by the Debt-to-Asset Ratio (DAR); liquidity, proxied by the Cash Ratio (CR); and firm size, proxied by the natural logarithm of sales (Ln Sales).

Table 2. Operational Variables

Variable	Variable Definition	Indicator	Scale
Firm Value (Y) – PER	The Price-to-Earnings Ratio (PER) indicates investors' willingness to pay for each rupiah of the company's earnings and reflects market expectations regarding the company's future growth. (Gitman & Zutter, 2015).	$PER = \frac{Share\ Price}{Earnings\ Per\ Share}$	Ratio
Capital Structure (X1) – DAR	According to (Rustiyana Rustiyana et al., 2025), capital structure is the balance between the use of debt and equity in corporate financing. Capital structure reflects how a company finances its assets and bears financial risk.	$DAR = \frac{Total\ Debts}{Total\ Assets}$	Ratio
Liquidity (X2) – Cash Ratio	Liquidity is a company's ability to meet its short-term financial obligations when they fall due. (Van Horne & Wachowicz, 2008).	$Cash\ Ratio = \frac{Cash\ Equivalents + Cash}{Current\ Liabilities}$	Ratio
Firm Size (X3) – Size	Firm size can be measured by total assets or sales, with the use of the natural logarithm of sales (Ln Sales) intended to reflect the firm's operational scale more stably. (Rustiyana Rustiyana et al., 2025).	Size = LN(Total Sales)	Ratio

Procedure and data collection

Secondary data were obtained from the audited annual reports and financial statements of food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2024 period. After collection, the data were screened, organized, and processed to compute the research variables, including the Price-to-Earnings Ratio (PER), Debt-to-Asset Ratio (DAR), Cash Ratio (CR), and the natural logarithm of total sales (Ln Sales). The finalized panel dataset was subsequently analyzed using EViews 12 by applying panel data regression techniques.

Statistical analysis

The empirical analysis was carried out using descriptive statistics and panel data regression in EViews 12. Descriptive statistics were first employed to provide an overview of the dataset, while panel data regression was used to investigate the relationships between capital structure, liquidity, firm size, and firm value. In this study, capital structure was proxied by the Debt-to-Asset Ratio (DAR), liquidity by the Cash Ratio (CR), firm size by the natural logarithm of total sales (Ln Sales), and firm value by the Price-to-Earnings Ratio (PER).

Prior to estimating the regression model, a series of model selection procedures was conducted to determine the most appropriate panel data specification. The Chow and Hausman tests were applied to compare the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Based on these statistical tests, the Fixed Effect Model (FEM) was identified as the most appropriate model for the analysis.

To ensure the robustness of the regression estimates, diagnostic tests for multicollinearity and heteroscedasticity were performed. Once the model satisfied the required assumptions, the hypotheses were evaluated using the *t*-test to assess the individual effects of each explanatory variable, the *F*-test to examine their joint effect on firm value, and the Adjusted R^2 to determine the model's explanatory capability. The regression results were subsequently interpreted to explain the extent to which capital structure, liquidity, and firm size affected the firm value of food and beverage companies listed on the Indonesia Stock Exchange throughout the 2021–2024 period.

*Ethical concideration*s

Ethical approval was not required because this study used publicly available secondary data without human participants.

RESULTS

Table 3. Descriptive Stastistics.

	DAR	Cash Ratio	Ln Sales	PER
Mean	0.396103	1.075882	29.27140	14.03029
Medium	0.405000	0.500000	29.46000	12.65500
Maximum	0.970000	9.490000	32.00000	49.74000
Minimum	0.090000	0.000000	25.44000	-9.250000
Std. Dev	0.189944	1.646132	1.520117	10.16111

Based on the descriptive statistics for 136 firm-year observations, the capital structure variable, measured by the Debt-to-Asset Ratio (DAR), has a mean value of 0.396103, with values ranging from 0.090000 to 0.970000. This indicates substantial variation in the extent to which the sampled companies relied on debt financing to support their assets. Liquidity, represented by the Cash Ratio (CR), records an average value of 1.075882, with a minimum of 0.000000 and a maximum of 9.490000, suggesting considerable differences in the companies' ability to meet short-term obligations using cash and cash equivalents. Firm size, measured by the natural logarithm of total sales (Ln Sales), has a mean value of 29.27140, with observations ranging from 25.44000 to 32.00000, reflecting variations in the operational scale of

the sampled firms. Meanwhile, firm value, proxied by the Price-to-Earnings Ratio (PER), shows an average value of 14.03029, with a minimum of −9.25000 and a maximum of 49.74000. These results indicate that the market valuation of the companies varied considerably throughout the 2021–2024 observation period.

Table 4. Recapitulation of Model Test Results

Test Name	Model Testing	Probability Value	Selected Models
Chow Test	CEM or FEM	0.0000	FEM
Hausman Test	REM or FEM	0.0194	FEM

The panel data model selection results indicate that the Fixed Effect Model (FEM) is the most appropriate estimation method for this study. The Chow test produces a probability value of 0.0000, which is below the 0.05 significance level, leading to the rejection of the Common Effect Model (CEM) in favor of the Fixed Effect Model. Similarly, the Hausman test reports a probability value of 0.0194, which is also less than 0.05, confirming that the Fixed Effect Model is more suitable than the Random Effect Model (REM). Therefore, based on the outcomes of both the Chow and Hausman tests, the Fixed Effect Model (FEM) was selected as the final panel data regression model for the analysis.

Table 5. Multicollinearity (FEM) Test Result

Variabel	Coefficient Variance	Uncentered VIF	Centered VIF
DAR	44.29358	4.074368	1.140611
Cash Ratio	0.299743	1.293131	1.146662
Ln (Total Sales)	0.948148	343.9560	1.006477

The results of the multicollinearity test show that all independent variables have Centered Variance Inflation Factor (VIF) values well below the threshold of 10. The highest Centered VIF is 1.146662 for the Cash Ratio (CR), followed by 1.140611 for the Debt-to-Asset Ratio (DAR) and 1.006477 for Firm Size (Ln Sales). These findings indicate that multicollinearity is not present in the regression model. Consequently, all independent variables satisfy the multicollinearity assumption and are appropriate for inclusion in the panel data regression analysis.

Table 6. Heteroscedasticity (FEM) Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	26.56917	44.75767	0.593623	0.5541
DAR	1.787966	4.619270	0.387067	0.6995
Cash Ratio	0.011200	0.289098	0.038740	0.9692
Ln (Total Sales)	-0.82271	1.519969	-0.543611	0.5879

The results of the heteroscedasticity test using the Glejser method indicate that all independent variables have probability values exceeding the 0.05 significance level. Specifically, the probability values are 0.6995 for the Debt-to-Asset Ratio (DAR),

0.9692 for the Cash Ratio (CR), and 0.5879 for Firm Size (Ln Sales). Since all probability values are greater than 0.05, the regression model is considered free from heteroscedasticity. Therefore, the model satisfies the homoscedasticity assumption and is appropriate for subsequent hypothesis testing.

Table 7. Multiple Regression (FEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	106.3824	92.91872	1.144897	0.2550
DAR	20.24483	9.589789	2.111082	0.0373
Cash Ratio	0.085420	0.600180	0.142323	0.8871
Ln (Total Sales)	-3.432124	3.155516	-1.087659	0.2794

PER = **106.382404927 + 20.2448332887*X1 + 0.0854196295627*X2 - 3.43212351939*X3 + e**

The regression estimates yield a constant of 106.3824, indicating the expected level of firm value when capital structure, liquidity, and firm size are held constant. The coefficient for the Debt-to-Asset Ratio (DAR) is 20.24483, suggesting that, all else being equal, a one-unit increase in the ratio is associated with an increase in firm value. Likewise, the Cash Ratio (CR) has a positive coefficient of 0.085420, implying a positive relationship between liquidity and firm value. In contrast, firm size, measured by the natural logarithm of total sales (Ln Sales), records a negative coefficient of −3.432124, indicating that larger firms tend to exhibit lower firm value after controlling for the other explanatory variables. Overall, the estimated coefficients suggest that capital structure and liquidity are positively associated with firm value, whereas firm size demonstrates a negative relationship with firm value.

Table 8. Hypothesis Testing (FEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	106.3824	92.91872	1.144897	0.2550
DAR	20.24483	9.589789	2.111082	0.0373
Cash Ratio	0.085420	0.600180	0.142323	0.8871
Ln (Total Sales)	-3.432124	3.155516	-1.087659	0.2794

The results of the partial hypothesis testing using the Fixed Effect Model (FEM) demonstrate that the independent variables exert different effects on firm value. Capital structure, proxied by the Debt-to-Asset Ratio (DAR), has a positive and statistically significant effect on firm value, with a t-statistic of 2.111082 and a p-value of 0.0373 ($p < 0.05$). The estimated coefficient of 20.24483 indicates that, holding other variables constant, a higher Debt-to-Asset Ratio is associated with an increase in firm value. In contrast, liquidity, measured by the Cash Ratio (CR), does not have a statistically significant effect on firm value.
The variable records a t-statistic of 0.142323 with a p-value of 0.8871 ($p > 0.05$). Although the estimated coefficient is positive (0.085420), the relationship is not statistically significant, suggesting that differences in firms' liquidity levels do not meaningfully explain variations in firm value over the observation period.

Similarly, firm size, proxied by the natural logarithm of total sales (Ln Sales), was not found to significantly influence firm value. The estimated t-statistic is

−1.087659 with a p-value of 0.2794 (p > 0.05), while the regression coefficient is negative (−3.432124). These findings indicate that variations in firm size were not associated with significant differences in the market value of the sampled firms during the 2021–2024 period.

Table 9. Statistical Test Results (FEM)

Weighted Statistics	
R-squared	0.805912
Adjusted R-squared	0.735334
S.E. of regression	5.227456
Sum squared resid	2705.303
Log likehood	-396.3170
F-statistic	11.41880
Prob(F-statistic)	0.000000

The results of the simultaneous (F) test show an F-statistic of 11.41880 with a corresponding p-value of 0.000000. Since the p-value is below the 0.05 significance threshold, capital structure (Debt-to-Asset Ratio/DAR), liquidity (Cash Ratio/CR), and firm size (Ln Sales) are found to jointly exert a statistically significant effect on firm value, as measured by the Price-to-Earnings Ratio (PER). These findings indicate that the overall regression model is statistically significant and satisfies the goodness-of-fit criteria. Accordingly, the three explanatory variables collectively explain variations in firm value, confirming that the panel data regression model is appropriate for interpreting the estimated relationships and testing the proposed hypotheses.

Table 10. Determination Coefficient (FEM) Test Results

Weighted Statistics			
R-squared	0.805912	Mean dependent var	14.03029
Adjusted R-squared	0.735334	S.D. dependent var	10.16111
S.E. of regression	5.227456	Akaike info criterion	6.372309
Sum squared resid	2705.303	Schwarz criterion	7.164723
Log likehood	-396.3170	Hannan-Quinn	6.694326
F-statistic	11.41880	Durbin-Watson stat	2.298127
Prob(F-statistic)	0.000000		

Based on the results of the coefficient of determination (R^2) test using the Fixed Effect Model (FEM), an Adjusted R-squared value of 0.735334 was obtained. This indicates that the independent variables, namely Capital Structure (DAR), Liquidity (Cash Ratio), and Firm Size (Ln Sales), are able to explain 73.53% of the variation in Firm Value (PER) as the dependent variable. Meanwhile, the remaining 26.47% is explained by other variables outside the research model that were not included in this study.

DISCUSSION

The Effect of Capital Structure on Firm Value

The positive association between capital structure and firm value is consistent with the theoretical foundations of both Agency Theory and Signaling Theory. From an agency perspective, debt acts as a governance mechanism that constrains managerial

discretion, promotes greater financial discipline, and encourages more efficient use of corporate resources, thereby mitigating potential conflicts of interest between managers and shareholders (Jensen & Meckling, 1976). In addition, Signaling Theory suggests that financing decisions convey valuable information to the market. By relying on debt financing, managers may signal confidence in the firm's future cash flows and growth prospects, reinforcing investors' expectations of sustainable performance (Ross, 1977). During the post-pandemic recovery period, debt was generally perceived not as a sign of financial weakness but as a strategic source of funding to support business recovery and expansion(Sastia Oktaviani & Desy Mariani, 2024). Consequently, firms that maintained a well-balanced capital structure were more likely to gain investor confidence, leading to stronger market valuations and higher firm value. These findings are consistent with previous empirical studies reporting that an optimal capital structure positively influences firm value because debt financing can strengthen investor confidence and support corporate growth when managed effectively (Nurwulandari, 2021; Sarma Fahana Febriyanti Anjeli & Handayani Nur, 2025; Widyakto et al., 2024).

The Effect of Liquidity on Firm Value

In contrast, liquidity did not exhibit a statistically significant effect on firm value, even though its regression coefficient was positive. This finding suggests that the Cash Ratio was not a key factor influencing investors' valuation decisions. Rather than focusing on short-term liquidity, investors appeared to place greater importance on a firm's profitability, growth opportunities, and overall financial performance (Nurwulandari, 2021; Siahaan & Iskandar, 2021). From the perspective of Signaling Theory, while adequate liquidity reflects a firm's ability to meet its short-term financial obligations, excessive cash reserves may also be interpreted as an indication of inefficient capital utilization or limited investment opportunities (Rustiyana Rustiyana et al., 2025). Consequently, variations in liquidity among food and beverage companies during the 2021–2024 period were insufficient to meaningfully influence investor perceptions or market valuations. These findings are consistent with previous studies reporting that liquidity does not significantly affect firm value because investors tend to emphasize profitability and future growth prospects rather than the firm's short-term liquidity position (Febiyani Firmani Dwiastuti & Erma Setiawati, 2026; Waskito & Bunga Cantika, 2022).

The Effect of Firm Size on Firm Value

Likewise, firm size, proxied by the natural logarithm of total sales (Ln Sales), did not exhibit a statistically significant influence on firm value. While larger companies generally possess greater production capacity, stronger competitive positions, and easier access to external sources of financing, these advantages do not automatically result in higher market valuations. Investors tend to assess firms primarily on their ability to generate profits, operate efficiently, and sustain future growth rather than on their scale of operations alone (Nurwulandari, 2021); (Siahaan & Iskandar, 2021). As a result, increases in sales were not consistently reflected in higher firm value, particularly when they were not accompanied by stronger financial performance.

In general, the results indicate that capital structure is a more important determinant of firm value than liquidity and firm size for food and beverage companies listed on the Indonesia Stock Exchange during the post-pandemic recovery period. This finding highlights the importance of maintaining an appropriate balance between

debt and equity financing, ensuring that borrowed funds are managed effectively to support long-term business growth (Widyakto et al., 2024). Furthermore, although liquidity management and business expansion remain essential, these strategies should be supported by continuous improvements in operational efficiency and profitability to enhance shareholder value (Nurwulandari, 2021).

Nevertheless, several limitations should be acknowledged. First, the study is limited to food and beverage companies listed on the Indonesia Stock Exchange over the 2021–2024 period, which may restrict the applicability of the findings to other sectors or different economic settings (Fernanda et al., 2025). Second, the analysis considers only three independent variables—capital structure, liquidity, and firm size—even though firm value may also be affected by other factors, such as profitability, corporate governance practices, dividend policy, investment decisions, and broader macroeconomic conditions (Dama et al., 2026; Nurwulandari, 2021; Yakup et al., 2025). Third, firm value is measured exclusively using the Price-to-Earnings Ratio (PER), whereas alternative indicators, including Price-to-Book Value (PBV) and Tobin's Q, could provide additional perspectives, as these proxies capture different dimensions of market valuation (Nurwulandari, 2021). Future studies are therefore recommended to include a wider range of explanatory variables, apply alternative measures of firm value, and broaden both the observation period and industry scope to produce more comprehensive evidence regarding the factors that influence firm value.

CONCLUSIONS

This study investigated the effects of capital structure, liquidity, and firm size on the firm value of food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The empirical results reveal that H1 is accepted, indicating that capital structure, measured by the Debt-to-Asset Ratio (DAR), has a positive and statistically significant effect on firm value. In contrast, H2 is rejected, as liquidity, proxied by the Cash Ratio (CR), does not have a statistically significant effect on firm value, while H3 is rejected because firm size, measured by the natural logarithm of total sales (Ln Sales), also does not have a statistically significant effect on firm value.

In addition, the simultaneous (*F*) test confirms that capital structure, liquidity, and firm size collectively have a significant influence on firm value, with the regression model explaining 73.53% of the variation in firm value.

The findings offer several practical implications for both corporate managers and investors. Managers are encouraged to maintain an optimal capital structure by utilizing debt efficiently to finance business growth while enhancing firm value. For investors, capital structure may serve as an important financial indicator when evaluating investment opportunities in the food and beverage sector. However, liquidity and firm size should be assessed alongside other indicators of corporate financial performance rather than being considered in isolation.

Future research is encouraged to incorporate additional explanatory variables, such as profitability, corporate governance, dividend policy, investment decisions, or macroeconomic factors, to provide a more comprehensive understanding of the determinants of firm value. Further studies may also extend the observation period, investigate firms from different industrial sectors, or employ alternative proxies for firm value, such as Price-to-Book Value (PBV) or Tobin's Q, to improve the robustness and generalizability of the findings.

CONFLICT OF INTEREST

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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DECLARATION OF ARTIFICIAL INTELLIGENCE USE

This study used artificial intelligence (AI) tools and methodologies in the following capacities:

Manuscript writing support: AI-based language models, such as ChatGPT, was employed to:

1. Language refinement to improving the grammar, sentence structure, and readability of the manuscript.
2. Content summarization to assisting in summarizing the findings and conclusions concisely.
3. Technical writing assistance to providing suggestions for structuring complex technical descriptions more effectively.
4. Generate scientific content, interpret data, and draw conclusions.

PLUS

We confirm that all AI-assisted processes were critically reviewed by the authors to ensure the integrity and reliability of the results. The final decisions and interpretations presented in this article were solely made by the authors.

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