

The Effect of Profitability, Leverage, Firm Size, and Liquidity on Firm Value in The Processed Food Subsector Listed on The Indonesia Stock Exchange for The Period 2015-2024

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Abstract – *The purpose of this study is to examine how firm value in the processed food subsector listed on the Indonesia Stock Exchange between 2015 and 2024 is affected by profitability, leverage, business size, and liquidity. This study uses a quantitative technique and a causality research design. Purposeful sampling was used to choose ten of the 19 processed food companies listed on the Indonesia Stock Exchange as the sample. EViews 13 software was used to process 100 observations of secondary data from annual financial statements. Panel data regression analysis is the data analysis technique used in this study to look at the association between variables. The findings demonstrate that business value as determined by Tobin's Q is positively and significantly impacted by profitability as determined by ROA. However, company size has a substantial negative impact on firm value. However, the DER and CR, which are stand-ins for leverage and liquidity, have no effect on corporate value.*

Keyword: profitability, leverage, firm size, liquidity, firm value

INTRODUCTION

Increasingly dynamic business competition requires companies to continuously improve their performance and competitiveness to maintain sustainability and attract investors. Firm value, which is represented in stock prices and reflects investors' opinions of a company's performance and potential for future growth, is one of the primary measures of a company's success (Ningsih & Simatupang, 2024). In addition, internal factors such as investment efficiency, institutional ownership, and the role of independent committees, as well as sustainable innovation, also influence market perceptions of firm value (Salehi et al., 2022; Santosa & Yusuf, 2022).

In Indonesia, firm value plays an important role in encouraging capital market activity and corporate transparency. However, challenges such as economic instability, weak corporate governance, and reliance on external financing still hinder efforts to optimize firm value (Soesetio & Rudiningtyas, 2024). These conditions indicate that financial performance, particularly profitability and operational efficiency, remains a key factor influencing market assessments (Kartika et al., 2024).

This phenomenon is also observed in the processed food subsector, which is part of the food and beverage (F&B) industry and contributes to food security and nutritional needs (Hariyadi, 2022). In the first quarter of 2024, the F&B sector contributed 6.97% to national GDP and 39.91% to the non-oil and gas manufacturing GDP, with export values reaching USD 9.18 billion and a trade surplus of USD 4.91 billion (Owo, 2024; Sari & Ika, 2024). However, its contribution declined from 19.13% in the fourth quarter of 2023 to 18.98% in 2024, indicating a slowdown due to decreasing purchasing power, rising raw material prices, and supply chain disruptions (Aguido Adri, 2025).

Processed food companies listed on the Indonesia Stock Exchange likewise exhibit fluctuations in company value. According to processed data, the average company value as determined by Tobin's Q during 2015–2024 shows a declining trend, from 2.11 in 2015 to 1.28 in 2024, with a growth rate of –4%, indicating weakening investor perceptions.

In this study, a proxy for business worth is Tobin's Q, which evaluates a company's market value in relation to its assets. The variables examined include profitability (ROA), leverage (DER), firm size, and liquidity (CR), which reflect financial performance, capital structure, company scale, and short-term capability (Atul et al., 2022; Wahid et al., 2022).

However, previous studies have produced inconsistent findings. Some show that profitability, leverage, firm size, and liquidity significantly affect firm value (Adhyasta & Sudarsi, 2023; Al-Omari et al., 2024; Komalasari & Yulazri, 2023; Yulianti & Sundari, 2023), while others find insignificant or different results (Gz & Lisiantara, 2022; Inrawan & Lie, 2024; Oppusunggu & Chalil, 2025). These discrepancies point to a research gap, especially in Indonesia's processed food subsector. By offering actual data from the processed food subsector listed on the Indonesia Stock Exchange during a ten-year period (2015–2024), this study adds to the body of literature. The primary reasons for the research gap include the dearth of studies that specifically examine how profitability, leverage, business size, and liquidity affect firm value prior to, during, and following the epidemic, as well as contradictory results from previous studies that yield unclear results. Furthermore, this subsector's downward trend in firm value (Tobin's Q) has not been sufficiently explained, highlighting the need for a more contextual and targeted examination in Indonesia.

Thus, the goal of this study is to investigate how profitability, leverage, firm size, and liquidity impact the firm value of processed food companies listed on the Indonesia Stock Exchange between 2015 and 2024. It is anticipated that the results will give investors and business management useful information for strategic decision-making, as well as a clearer and more thorough understanding of the major elements influencing firm value.

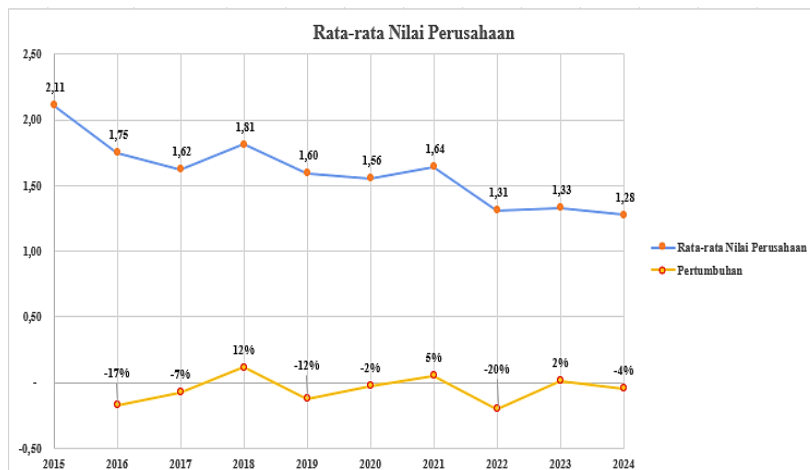


Figure 1. Average Firm Value (Tobin's Q) of Processed Food Subsector Companies for the Period 2015–2024
Source: IDX data processed (2025)

LITERATURE REVIEW

Signaling Theory

In order to lessen information asymmetry in imperfect markets, businesses send signals to investors, according to Spence, (1973) signaling theory. Through financial statements and other disclosures, companies communicate their actual condition, which influences market perceptions of firm value (Liu et al., 2024). Financial indicators such as Return on Assets (ROA), Current Ratio (CR), and firm size act as signals reflecting company performance, financial condition, and operational scale (Riyadh et al., 2022; Sulistiyo et al., 2024). Positive signals are expected to increase investor confidence and enhance firm value (Seth & Mahenthiran, 2022).

Trade-Off Theory

According to trade-off theory, businesses seek to maximize company value by achieving an ideal capital structure by balancing debt and equity (Anisa et al., 2024). Debt provides benefits such as tax advantages due to interest expenses reducing taxable income (Modigliani & Miller, 1963). However, excessive debt increases financial risk and costs, which may reduce firm value. Therefore, companies must carefully determine the optimal proportion of debt and equity.

Firm Value

Firm value shows investors' opinions of the company's future prospects as well as management's ability to increase shareholders' wealth. Stock prices, which are impacted by both internal and external forces, typically serve as a representation of it (Sinta et al., 2024). Tobin's Q, which compares market value with total assets and represents market expectations of future performance, is used in this study to quantify business value (Bui et al., 2023). A corporation is valued positively by the market when its Tobin's Q is larger than one.

$$Tobin's\ Q = \frac{MVE + Debt}{TA}$$

Description:

Market Value of Equity (MVE) = Share price × Number of outstanding shares

Debt = Total liabilities

TA = Total assets

Profitability

The capacity of a business to make profit from its operations is reflected in its profitability. Increased profitability can boost investor confidence and show effective resource use (Fridatien et al., 2024). In this study, profitability is measured using ROA, which shows how well a company produces money from all of its assets (Sulistiyo et al., 2024).

$$ROA = \frac{Net\ Income\ After\ Tax}{Total\ Asset} \times 100\%$$

Description:

Net Income After Tax = Profit after tax

Total Assets = Total assets owned by the company

Leverage

Leverage measures a company's financial risk and shows how much of its operations are financed by debt (Zakiah et al., 2023). The DER, which contrasts total debt to total equity, is used in this study to calculate leverage. An increased dependence on outside funding is indicated by a higher DER (Kalsum & Oktavia, 2021).

$$DER = \frac{Total\ Liabilities}{Total\ Equity}$$

Description:

Total Liabilities = Total company debt

Total Equity = Total shareholders' equity

Firm Size

Firm size is a measure of the scope of a business's activities and is linked to capital availability and financial stability (Alifian & Susilo, 2024). To more accurately represent business scale, the natural logarithm of total assets is used in this study to calculate firm size.

Description:

$$Firm\ Size = LN (Total\ Asset)$$

Ln (Total Assets) = Natural logarithm of the company's total assets

Liquidity

Liquidity is a key indicator of a company's short-term financial health and capacity to fulfill obligations (Rahayu et al., 2024). The CR, which contrasts current assets with current liabilities, is used in this study. A higher CR indicates better capability to fulfill short-term obligations (Aprilia et al., 2025; Atul et al., 2022)

Description:

$$CR = \frac{Current\ Assets}{Current\ Liabilities}$$

Current Assets = Total current assets

Current Liabilities = Short-term liabilities

Hypotheses Development and Research Framework

The ability of a business to make money from its sales, assets, and shareholders' equity within a specific time frame is reflected in its profitability (Aminah, 2021; Anggraini & Murtanto, 2023). According to Signaling Theory, a high level of profitability indicates to investors that management is performing well and that the business is in good financial standing (Yusra & Sulistyowati, 2023). This suggests that a company's potential for a rise in firm value increases with its profitability since investors believe the company has bright future possibilities. Consistent with signaling theory, several previous studies conducted by Al-Omari et al., 2024; Ristiani & Sudarsi, 2022; Wulandari & Putri, 2023; and Yusra & Sulistyowati, 2023 also found that profitability has a significant and positive effect on firm value. Therefore, the hypothesis proposed in this study is:

H1: Profitability has a positive effect on firm value.

Leverage, which is often represented by the DER, is a ratio that shows how well a business can use debt in relation to its own capital (Komalasari & Yulazri, 2023). According to Trade-Off Theory, the best use of debt can result in advantages like tax savings, but too much debt might raise financial risk (Ajizah & Perdinusa, 2022). This indicates that proper leverage management can help companies enhance firm value through a more efficient financing structure. Consistent with trade-off theory, previous studies conducted by Anisa et al., (2024) and Komalasari & Yulazri (2023) also found that leverage has a significant and positive effect on firm value. Therefore, the hypothesis proposed in this study is:

H2: Leverage has a positive effect on firm value.

Indicators like total assets, revenue, or market capitalization are frequently used to gauge a firm size, which represents the scope of its operations (Gunawan & Suryani, 2024). According to Signaling Theory, larger businesses typically send out favorable signals to investors since they are thought to have lower levels of risk, better access to finance, and more operational stability (Hirdinis, 2019; Bunardi & Cahyadi, 2024). This implies that as investors prefer to see larger companies as more reliable and stable financially, the potential increase in firm value increases with the size of the company. Prior research by Amimakmur et al., (2024); Bunardi & Cahyadi, (2024); and Hidayati & Vrianda, (2025) also demonstrated that company size positively affects firm value, which is consistent with signaling theory. Consequently, the following hypothesis is put out in this study:

H3: Firm size has a positive effect on firm value.

Liquidity measures a company's capacity to meet short-term obligations with its current assets (Adhyasta & Sudarsi, 2023). A high degree of liquidity may give investors the idea that the company can effectively manage its cash flow and is in a stable financial position, according to Signaling Theory. Signaling theory is supported by earlier study by Nurjanah & Srimindarti (2023) and Komalasari & Yulazri (2023) which also showed that liquidity favorably and significantly affects firm value. Consequently, the following hypothesis is put out in this study:

H4: Liquidity has a positive effect on firm value.

The conceptual framework, shown in Figure 2, was created by the researcher based on the literature review.

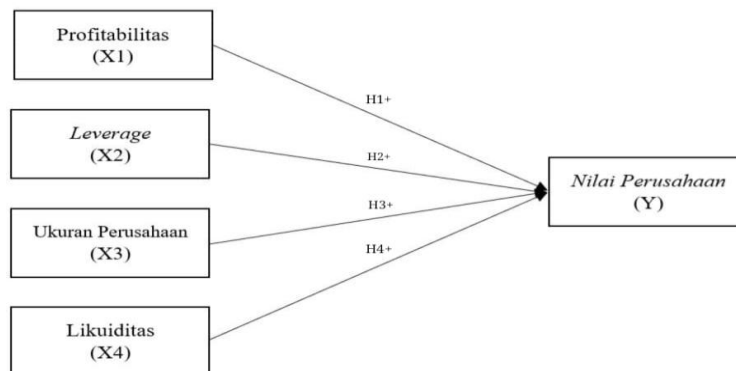


Figure 2. Research Framework

METHODS

Method

This study was conducted between March 2025 and March 2026 using secondary data from the Indonesia Stock Exchange's (IDX) official website via the IDX Investment Gallery at Mercu Buana University in Jakarta. The study uses a causality research methodology to look at how independent variables affect corporate value. The dependent variable in this study, firm value, is represented by Tobin's Q. Meanwhile, ROA determines profitability, the DER determines leverage, the CR determines liquidity, and the natural logarithm of total assets (Ln Total Assets) determines corporate size. All variables in this study use a ratio scale and are analyzed to determine their effect on firm value.

Population and Sampling

A population is a group of individuals or objects that share characteristics pertinent to the study's objective (Willie, 2024). The population of this study consists of all companies in the processed food subsector that were listed on the Indonesia Stock Exchange (IDX) between 2015 and 2024. Based on the data obtained, there are 19 companies included in this subsector. This population serves as the basis for determining the research sample that is relevant to the objectives of the study.

A sample is a subset of the population chosen for research and data gathering (Asrulla et al., 2023). Purposeful sampling, which chooses observations based on standards pertinent to the study's goals, was used to pick the sample for this investigation. The following are the requirements: (1) businesses in the processed food subsector that were listed between 2015 and 2024 on the Indonesia Stock Exchange (IDX); (2) companies that were not consistently listed over the observation period were omitted; and (3) companies reporting financial losses during the observation period were also excluded. Based on these criteria, a total of 10 companies were selected as the research sample.

Data Collection and Analysis

The strategies employed by researchers to gather information pertinent to their goals are referred to as data collecting techniques (Nurfajriani et al., 2024). The secondary data used in this study came from the Annual Reports of processed food subsector companies that were listed on the Indonesia Stock Exchange (IDX) between 2015 and 2024. The information was gathered from each company's official website and the Indonesia Stock Exchange (www.idx.co.id). It has since been audited and officially released.

Panel data regression using EViews 13 software is used in this study's data analysis to look at how independent variables affect company value. Panel data regression models, such as the CEM, FEM, and REM for inferential statistics and descriptive statistics to characterize the features of the data, are used in the study. The Chow, Hausman, and Lagrange multiplier tests are used to determine which model is the best. The F-test, the coefficient of determination (R²), and the t-test are used in hypothesis testing to determine how each independent variable influences company value. (Hutagalung & Darnius, 2022).

RESULTS and DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics of Research Variables

	<i>Tobin's Q</i>	ROA	DER	FSIZE	CR
Mean	1.761929	0.080624	1.069359	29.62728	1.765999
Median	1.434203	0.075842	0.920573	29.06289	1.628371
Maximum	8.641092	0.194382	3.751064	32.93787	4.088648
Minimum	0.480000	0.006452	0.100232	26.65580	0.609372
Std. Dev.	1.214967	0.043155	0.774245	1.588685	0.766691
Observations	100	100	100	100	100

Source: Processed data using Eviews 13 (2025)

1. The average firm value (Tobin's Q) is 1.7620, indicating that companies in the processed food subsector are generally valued by the market above their book value, reflecting positive investor expectations about future growth. PT Indofood CBP Sukses Makmur Tbk has the highest value (8.6411), while PT Sekar Laut Tbk has the lowest (0.4800). The standard deviation of 1.2150 shows that firm value varies considerably among companies.

2. The average profitability (ROA) is 0.0806, meaning companies generate about 8.06% profit from their total assets. The highest ROA is recorded by PT Siantar Top Tbk (0.1944) and the lowest by PT Budi Starch & Sweetener Tbk (0.0065). The standard deviation of 0.0432 indicates moderate differences in profitability across firms.
3. With an average leverage (DER) of 1.0694, businesses appear to rely somewhat more on debt than equity in their capital structure. PT Tunas Baru Lampung Tbk has the highest DER (3.7511), while PT Wilmar Cahaya Indonesia Tbk has the lowest (0.1002). The standard deviation of 0.7742 indicates a significant difference in finance practices amongst businesses.
4. The average firm size, measured by Ln Total Assets, is 29.6273, indicating that most sample companies are relatively large. The largest firm size is recorded by PT Indofood Sukses Makmur Tbk (32.9379), while the smallest is PT Sekar Laut Tbk (26.6558). The standard deviation of 1.5887 shows differences in company scale within the subsector.
5. With an average liquidity (current ratio) of 1.7660, businesses typically have enough current assets to cover short-term liabilities. PT Indofood CBP Sukses Makmur Tbk has the greatest CR (4.0886), while PT Sekar Laut Tbk has the lowest (0.609372). The standard deviation of 0.7667 indicates a discernible fluctuation in liquidity levels, most likely as a result of variations in working capital management.

Model Selection Results

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.065053	(9,86)	0.0000
Cross-section Chi-square	86.173866	9	0.0000

Source: Processed data using Eviews 13 (2025)

Table 3. Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	52.877321	4	0.0000

Source: Processed data using Eviews 13 (2025)

The FEM is thought to be the best panel data regression model for this investigation because the probability values are below the 0.05 significance threshold, according to the Chow and Hausman test results displayed in Tables 2 and 3. As a result, the FEM is used to estimate the regression analysis in this study, and Table 4 presents the findings.

Table 4. Fixed Effect Model Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	39.44489	6.157673	6.405812	0.0000
ROA	9.006114	2.888797	3.117600	0.0025
DER	-0.264913	0.258460	-1.024967	0.3083
FSIZE	-1.288908	0.207479	-6.212240	0.0000
CR	0.034566	0.174051	0.198594	0.8430
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.742686	Mean dependent var	1.761929	
Adjusted R-squared	0.703789	S.D. dependent var	1.214967	
S.E. of regression	0.661249	Akaike info criterion	2.139803	
Sum squared resid	37.60348	Schwarz criterion	2.504527	
Log likelihood	-92.99017	Hannan-Quinn criter.	2.287414	
F-statistic	19.09397	Durbin-Watson stat	1.150063	
Prob(F-statistic)	0.000000			

Source: Processed data using Eviews 13 (2025)

Model Fit Test: F-statistic

The F-statistic value is 19.09397 with a Prob(F-statistic) of 0.000000 based on the study's data processing results. Since the probability value is below the 0.05 significance level, it can be concluded that profitability, company size, leverage, and liquidity all have a substantial simultaneous impact on firm value. This outcome demonstrates that the research model used in the study is appropriate and capable of explaining the relationships between the variables.

Coefficient of Determination: R²

The study's findings indicate that the Adjusted R-squared value is 0.703789. This indicates that the model's components of profitability, leverage, firm size, and liquidity account for 70.38% of the variation in company value. In the meantime, additional factors not covered by this research model account for the remaining 29.62%.

CLASSICAL ASSUMPTION TEST

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

F-statistic	0.831154	Prob. F(4,95)	0.5086
Obs*R-squared	3.381267	Prob. Chi-Square(4)	0.4962
Scaled explained SS	28.98832	Prob. Chi-Square(4)	0.0000

Source: Processed data using Eviews 13 (2026)

Table 5 shows that the probability value of ObsR-squared is 0.4962, which is higher than the significance level of 0.05. Additionally, the Prob. F value of 0.5086 is higher than 0.05. However, the Prob. Chi-Square value for Scaled Explained SS is 0.0000, which is less than 0.05. But in the heteroscedasticity test, the decision is usually based on the Prob. ObsR-squared value. Therefore, it may be concluded that the regression model does not exhibit heteroscedasticity and satisfies the classical assumption.

Autocorrelation Test

Table 6. Autocorrelation Test Results

F-statistic	2.367688	Prob. F(3,2)	0.3107
Obs*R-squared	7.802938	Prob. Chi-Square(3)	0.0503

Source: Processed data using Eviews 13 (2026)

Table 6 shows that every probability value is greater than the significance level of 0.05. This shows that the regression model fits the constraints of the classical assumption since it does not show autocorrelation.

Hypothesis Testing (T-Test)

Table 7. T-Test Results of the Effect of Independent Variables on Firm Value

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	39.44489	6.157673	6.405812	0.0000
ROA	9.006114	2.888797	3.117600	0.0025
DER	-0.264913	0.258460	-1.024967	0.3083
FSIZE	-1.288908	0.207479	-6.212240	0.0000
CR	0.034566	0.174051	0.198594	0.8430

Source: Processed data using Eviews 13 (2025)

1. Firm value (Y) is significantly and positively impacted by return on assets (ROA) (X1). A coefficient of 9.0061 with a probability value of 0.0025 less than 0.05 indicates this. This finding implies that a company's worth tends to rise with increased profitability as determined by ROA. Therefore, the hypothesis is accepted.
2. The DER (X2) is more than 0.05 with a probability value of 0.3083 and a coefficient of -0.2649. This implies that DER has little effect on company value (Y). As a result, this study rejects the idea that capital structure affects corporate value.

3. With a probability value of 0.0000 and a coefficient of -1.2889 , X_3 and Y have a negative and significant association. This finding implies that larger firm size tends to be associated with a decrease in firm value. Thus, the hypothesis related to firm size is rejected.
4. Current Ratio (CR) (X_4) has a positive coefficient of 0.0346, but the probability value of 0.8430 is higher than 0.05. This indicates that liquidity does not significantly influence firm value (Y). Therefore, the hypothesis that CR affects firm value is rejected in this study.

Discussion of Hypothesis Results

The Effect of Profitability on Firm Value

The study's findings show that company value in the processed food subsector is significantly and positively impacted by profitability, as measured by ROA. ROA is a measure of how well management uses business assets, like factories, manufacturing facilities, and distribution networks, to make money. When companies are able to achieve higher returns on their assets, investors tend to perceive them as having strong growth prospects and stable cash flows. This perception ultimately increases firm value, which is reflected in Tobin's Q. In the processed food industry, which faces fluctuations in raw material prices and intense competition, the ability to maintain a high ROA indicates operational efficiency and effective cost management. From the perspective of signaling theory, these findings confirm that profitability serves as an important financial signal for investors. A high level of profitability, as reflected by ROA, indicates effective asset management and promising future prospects for the company (Handayani & Putri, 2022; Nursinta et al., 2024). This positive signal strengthens market confidence and encourages an increase in firm value. Empirically, these findings are consistent with previous studies by Yusra & Sulistyowati (2023), which also demonstrate that profitability is a key determinant in enhancing firm value. This highlights that the ability to consistently generate profits is an important factor considered by investors when evaluating a company.

The Effect of Leverage on Firm Value

Since the study's results show that leverage, as determined by the DER, has no bearing on company value, the second hypothesis is rejected. This finding implies that changes in a company's debt load are not enough to explain changes in the firm value of the processed food subsector as measured by Tobin's Q. In other words, investors do not give capital structure top priority when evaluating companies in this sector. According to trade-off theory, using debt can result in tax savings. But it also raises the possibility of insolvency and financial peril (Manda & Sembiring, 2022). In the processed food subsector, which typically operates with relatively thin profit margins and fluctuating production costs, higher debt levels may increase financial pressure on companies. As a result, investors tend to be more cautious and do not rely heavily on leverage as an indicator when assessing company prospects. This result is in line with earlier research by Alvian & Munandar (2022); Manda & Sembiring (2022); Siregar et al. (2023), which likewise discovered that leverage has no discernible impact on business value. This consistency supports the claim that leverage is not a major factor in determining firm value in the view of investors in some industries, especially those with very low margins.

The Effect of Firm Size on Firm Value

The third hypothesis is rejected since the study's findings show that firm size significantly and negatively affects firm value. According to this research, investors may not always view larger companies in the processed food subsector as having a higher firm value. To put it another way, a larger company does not always translate into higher market value. Signaling theory states that firm size is frequently regarded as a sign of strength and stability. In actuality, though, investors take into account both the magnitude of a company's assets and the caliber of its management. If the growth in firm size is not accompanied by improvements in efficiency and profitability, the market may interpret it as a negative signal (Latif et al. 2023). In the processed food subsector, large companies generally possess substantial fixed assets and production capacity, but they also face greater managerial complexity and higher operational costs. These circumstances could make it harder for the business to adapt to changes in the market. Empirically, this result is in line with earlier research by (Imansyah et al., 2025) and (Latif et al., 2023), which similarly discovered that firm size negatively affects and significantly firm value. These consistent findings imply that, in some industries, investors prioritize profitability and efficiency over a company's size.

The Effect of Liquidity on Firm Value

The fourth hypothesis is rejected since the study's findings show that liquidity, as measured by the CR, has no bearing on business value. This result implies that variations in firm value within the processed food subsector cannot be adequately explained by a company's capacity to fulfill its short-term obligations. To put it another way, investors do not prioritize liquidity when assessing businesses in this industry. According to signaling theory, a company's liquidity indicates its capacity to satisfy its immediate financial obligations. In actuality, though, investors typically pay greater attention to long-term performance metrics like profitability and operational effectiveness. Investors may not necessarily see high liquidity as a sign of success in the absence of efficient working capital management (Fahlefi & Abubakar, 2024). Liquidity levels alone are not as significant as operational efficiency and profitability in the processed food subsector, which is impacted by changes in manufacturing costs and raw material prices. This result is empirically in line with other research by Inrawan & Lie, (2024) and (Oppusunggu & Chalil, 2025), which likewise discovered that liquidity had no bearing on business value. This consistency supports the claim that investors emphasize long-term performance metrics above liquidity when evaluating a company's prospects in industries with volatile conditions.

CONCLUSION

Several conclusions about the impact of profitability, leverage, firm size, and liquidity on the firm value of processed food companies listed on the Indonesia Stock Exchange between 2015 and 2024 can be made based on the data analysis results and testing of the four hypotheses:

1. It has been demonstrated that profitability significantly and favorably affects firm value. This suggests that a company's perceived value rises in proportion to its profit. High profitability increases investor confidence and demand for the company's shares.
2. Leverage is found to have no significant effect on firm value. Perhaps because the usage of debt is still regarded as being within a reasonable range, investors do not seem to prioritize the amount of debt a company has.
3. Firm size shows a significant and negative effect on firm value. This implies that smaller businesses, which are frequently seen as having greater growth potential, may be valued more by investors than larger businesses, which may be seen as more established or on the verge of market saturation.
4. Liquidity also does not have a significant effect on firm value. The changes of a company's firm value in the capital market are not immediately influenced by its capacity to fulfill its short-term obligations.

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