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Exploring the Relationship Between Profitability, Leverage, and Sales Growth with Firm Value: The Moderating Role of Company Size in Indonesia's Food and Beverage Sector

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Abstract

This investigation aims to evaluate the impact of profitability, leverage, and sales growth on company value, with company size serving as a moderating variable. The consumer goods industry sector of the food and beverage sub-sector listed on the Indonesia Stock Exchange during the 2018-2022 period is the primary focus of this research. The issues raised include the impact of profitability, leverage, and sales growth on the company's value, as well as the extent to which the company's size moderates the influence of these variables on the company's value. The quantitative approach is employed in the research method, panel data regression. Purposive sampling was employed to select 95 companies for the research sample. The study's findings indicate that the company's value is substantially and positively influenced by profitability and sales growth, while leverage has no significant impact. It has been demonstrated that the impact of profitability, leverage, and sales growth on company value is moderated by the company's scale. The implications of this study are related to the necessity for companies in the food and beverage sector to concentrate on enhancing profitability and managing leverage to optimize company value. This investigation is novel in that it investigates the role of firm scale as a moderation variable in the relationship between financial factors and firm value, particularly in a dynamic economic context.

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INTRODUCTION

One of the critical indicators that reflects the market's assessment of a company's prospects is its value. A company's value reflects its past performance and future expectations, which are influenced by various internal factors, including profitability, leverage, sales growth, and the company's size (Gregory et al., 2001; Tahu, 2023). Additionally, the research on the factors that influence company value has become increasingly relevant and significant in light of the challenges the industrial sector has

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encountered, particularly during the COVID-19 pandemic and the progress of the global economy.

Conversely, the consumer products industry sector, particularly the food and beverage sub-sector, encountered substantial obstacles during the COVID-19 pandemic (Badawi & Nugroho, 2022; Hidayah et al., 2022; Zhong, 2022). The decrease directly influences the sales and profitability of companies in this sector in terms of people's purchasing power due to the economic recession and social restriction policies. This resulted in a significant decrease in the market value of numerous companies. The value of companies can be considerably eroded by the impact of acquisitions and market sentiment, as evidenced by the decline in the share prices of two major issuers in 2020: PT Indofood CBP Sukses Makmur Tbk (ICBP) and PT Indofood Sukses Makmur Tbk (INDF) (Saleh, 2020).

Although various studies have been conducted to examine the factors that affect companies' value, the results are often inconsistent. Some studies show that profitability significantly influences a company's value, while other studies have found that leverage and sales growth also play an important role. However, some studies show that these variables do not always have a significant effect, depending on the context of the industry and the time used. This difference in results creates a gap phenomenon that needs further analysis, especially in post-pandemic Indonesia's food and beverage industry.

Profitability, often measured by Return on Assets (ROA), reflects a company's ability to generate profits from its assets (Nugroho et al., 2019). On the other hand, leverage is measured by the debt-equity ratio (DER), which indicates how much a company uses debt in its capital structure (Putri & Nugroho, 2023; Wahyono et al., 2019). Sales growth describes an increase in revenue over time and can reflect the success of a company's sales strategy (lynia Sari et al., 2024). The company's size, often measured by total assets (Chiputra et al., 2023), is a moderation factor that can strengthen or weaken the relationship between those variables and the company's value. In this context, larger companies typically have easier access to resources and can manage risk better than smaller companies.

The consumer goods industry sector, especially the food and beverage sub-sector, was chosen as the focus of the research because this sector plays an important role in Indonesia's economy. In addition, this sub-sector is relatively stable and remains a staple for the community despite experiencing challenges during the pandemic (Nathali et al., 2023). Companies in these sub-sectors also tend to have large-scale operations, making it possible to test the role of company size as a moderation variable. Furthermore, the sector offers a great opportunity to research how companies within it adapt and survive difficult economic conditions.

Based on the above phenomenon, the formulation of the problem in this study is as follows:

- Does profitability affect a company's value?
- Does leverage affect the value of a company?
- Does sales growth affect company value?
- Does company size moderate the effect of profitability on company value?
- Does company size moderate the effect of leverage on company value?
- Does company size moderate the effect of sales growth on company value?

This study aims to analyze these factors' influence on company value in the post-pandemic context. This research is expected to provide deeper insights into how a company's internal financial factors affect its value, especially in the food and beverage sector, which is vulnerable to external economic conditions.

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Moreover, this research has practical and theoretical implications. The results of this research can be used by the management of food and beverage companies to develop more effective financial strategies for increasing company value. For example, management can focus on increasing profitability and better managing leverage. Theoretically, this study contributes to the literature on factors that affect company value, especially in Indonesia's food and beverage sector, and answers gaps in the literature related to the inconsistency of previous research results. The latest research focuses on the period before and after the COVID-19 pandemic, providing a new perspective on how internal financial factors affect a company's value in an uncertain economic situation. In addition, this study uses the latest data that can be a reference for future studies in the same field.

LITERATURE REVIEW

Signaling Theory was first proposed by Michael Spence in 1973 (Banerjee et al., 2018; Presley et al., 2018). This theory focuses on how the party who has the information (insider) gives a signal to the other party (outsider) who does not have the same information (Aboody & Lev, 2000). In the context of a company, this signal is usually in the form of information provided by management to investors regarding the company's prospects. Such signals can take the form of financial statements, dividend announcements, new investments, or other business strategies that aim to increase investor confidence and, ultimately, increase the company's value (Foster et al., 2016). Moreover, according to Spence, the company's signals must be trustworthy and reliable by the recipient of the information, in this case, the investor (Barker et al., 2019; Boateng, 2019). If the signal is positive, investors will tend to respond positively, for example, by buying the company's shares and increasing the stock price and overall value.

A company's value is an important measure that reflects the market's perception of a company's performance and prospects. Signal Theory is particularly relevant in this context because the signals provided by management can influence market perceptions and, thus, the value of a company. In the consumer goods sector, especially the food and beverage sub-sector, the signals companies provide are critical given the high volatility in commodity prices and fierce competition. When companies in these sub-sectors announce increased profitability, expansion plans, or new strategies expected to increase sales, the market considers this a positive signal. Investors who receive these signals tend to increase their investments, ultimately increasing the company's value. Conversely, suppose a company gives ambiguous or negative signals, for example, by postponing expansion plans or announcing a decrease in revenue. In that case, this can lower investor confidence and lead to a decline in the company's value.

In the consumer goods industry of the food and beverage sub-sector, which is one of the sectors most sensitive to economic changes and consumer preferences, the signals provided by companies have a huge impact (M. T. Chowdhury et al., 2020). Strong and positive signals, such as increased sales or successful new product launches, can significantly increase a company's value. Conversely, weak or negative signals can quickly damage a company's reputation and lower the value of its shares. An example of the application of signal theory in this sub-sector is when a large company such as PT Indofood Sukses Makmur Tbk announces expansion into new markets or increases production capacity. An increase usually follows these announcements in the stock price, as investors consider that the company has good growth prospects. Conversely, announcements that imply a decline in performance or uncertainty in management, such as project delays or legal issues, can lead to a decline in the company's value as investors

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lose confidence.

Company value is an important indicator that shows how the market assesses a company's performance and prospects (Athanassakos, 2007; Rahayu, 2019). This value reflects past performance results and anticipates future performance based on the company's profitability, growth, and operational efficiency (Sucuahi & Cambarihan, 2016). The high value of the company indicates that the company has good prospects in the eyes of investors, which will increase market confidence and the company's financial stability. In this context, company value is the leading benchmark for company management in determining long-term policies and strategies. According to Hermuningsih (2014), company value is the selling value of an operating company. This is the investor's view of the company's success rate, which is closely related to the company's stock price. The higher the company's value, the greater the prosperity that the owner of the company can obtain. Therefore, efforts to increase the company's value are a top priority for management, especially in attracting investors and ensuring business sustainability.

Hypothesis Development

The Effect of Profitability on Company Value

Profitability is a measure that describes a company's ability to profit from its assets. High profitability indicates that a company can manage its assets efficiently and generate significant profits, increasing investor confidence and value. Previous research, such as those conducted by Kasmawati et al. (2023) and Sudiyatno et al. (2020), shows that profitability positively and significantly influences a company's value. This aligns with the signaling theory, which states that companies with high profitability give positive signals about their performance and prospects, ultimately increasing the stock market and the company's overall value. The hypothesis is as follows:
Hypothesis 1 (H1): Profitability affects company value

Effect of Leverage on Company Value

Leverage is a ratio that describes how much a company uses debt in its capital structure. The proper use of leverage can increase the value of a company by leveraging borrowed capital to generate a more significant profit than the cost of debt. However, leverage that is too high can also increase the risk of bankruptcy, which can lower investor confidence and the company's value. Research conducted by Agustina et al. (2023) and Mardiana & Setiyowati, (2019) shows that leverage has a positive influence on the value of a company, so the hypothesis is as follows:
Hypothesis 2 (H2): Leverage has a positive effect on the value of a company.

The Influence of Sales Growth and Company Value

Sales growth reflects the company's ability to increase revenue over time, which can indicate the success of the company's marketing and operational strategies. High sales growth is usually interpreted as a positive signal by investors because it indicates the potential for future profit growth. Previous research, such as those conducted by Hertina et al. (2022), and Natalia et al. (2021) found that sales growth has a positive influence on the value of the company, so the hypothesis is as follows:
Hypothesis 3 (H3): Sales growth affects the company's value.

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Company Size as a Moderation Variable

Company size is often used as a moderation variable because company size can affect the relationship between independent variables (such as profitability, leverage, and sales growth) and dependent variables (company value). Larger companies typically have easier access to financial resources, better management, and better ability to deal with risks. Research conducted by Sriyono & Andesto, 2022, and Trisanti (2020) shows that company size can strengthen the relationship between profitability, leverage, sales growth variables, and company value. Therefore, the hypothesis is as follows:

- Hypothesis 4 (H4): The size of the company moderates the effect of profitability on the value of the company.
- Hypothesis 5 (H5): The size of the company moderates the effect of leverage on the value of the company.
- Hypothesis 6 (H6): The size of the company moderates the effect of sales growth on the value of the company.

METHOD

This study is quantitative research with a causal-comparative approach, which aims to examine the cause-and-effect relationship between the variables studied. In this context, the research focuses on the influence of profitability, leverage, and sales growth on company value, with company size as a moderation variable. This research was conducted on companies in the consumer goods industry sector, food and beverage sub-sector, listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. The reason for choosing this sector is because of its stable and relevant nature in describing economic conditions during and after the COVID-19 pandemic.

The selection of samples in this study was carried out using the purposive sampling method. This method was chosen because this study requires a sample that meets specific criteria relevant to the study's purpose. The criteria used for sample selection are:

- Companies listed on the IDX in the consumer goods industry sector of the food and beverage sub-sector.
- Companies that have complete financial statements and are published consistently during the period 2018-2022.
- Companies that did not experience delisting during the research period.

Based on these criteria, a sample of 95 companies was obtained that were eligible for further analysis. The data used in this study is secondary data obtained from the annual financial statements of companies listed on the IDX. This data is accessed through IDX's official website and other relevant sources, such as the company's official website and related financial publications. The data collected includes information regarding profitability, leverage, sales growth, company size, and company value.

The collected data was then processed using the E-Views statistical software version 13. The data processing process includes several main stages:

- Classical Assumption Test: This test ensures that the regression model meets the basic assumptions of linear regression, such as normality, multicollinearity, heteroscedasticity, and autocorrelation.
- Panel Data Regression Analysis: Use panel data regression because the data used combines cross-sectional and time-series data. The best model is selected through the Chow test, Hausman test, and Lagrange Multiplier test to determine whether it is a fixed-effect model (Fixed Effect), a random-effect model (Random Effect), or a pooled regression model (Common Effect).
- Hypothesis Test: The t-test was used to determine the significance of each

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independent variable's influence on the dependent variable, while the F test was used to assess the significance of the simultaneous influence of the independent variable on the dependent variable.

In addition, the operational variables in this study are as follows:

- Company Value (Y): Tobin's Q ratio is the ratio between a company's market value and its assets' replacement value.
- Profitability (X1): Measured by Return on Assets (ROA), the ratio between net profit after tax and total company assets.
- Leverage (X2): Measured by the Debt-to-Equity Ratio (DER), the ratio between a company's total debt and equity.
- Sales Growth (X3): Measured by Sales Growth, the percentage change in a company's annual sales.
- Company Size (Z): Measured by the natural logarithm of the company's total assets.

The regression model used in this study to examine the influence of profitability, leverage, and sales growth on company value, as well as the role of company size moderation, is as follows:

$$Y=\alpha+\beta1X1+\beta2X2+\beta3X3+\varepsilon \quad (1)$$

The description of the model is as follows:

- Y = Company Value (Tobin's Q)
- X1 = Profitability (ROA)
- X2 = Leverage (DER)
- X3 = Sales Growth
- α = Constant
- $\beta1$, $\beta2$, $\beta3$ = Regression Coefficient
- ε = Error term

In addition, there are the following regression analysis models (MRAs):

$$Y=\alpha+\beta1(X1\times Z)+\beta2(X2\times Z)+\beta3(X3\times Z)+\varepsilon \quad (2)$$

The description of the model is as follows:

- Z = Company Size (Ln Total Assets)
- X1×Z, X2×Z, X3×Z = Interaction between independent variables and company size

RESULTS AND DISCUSSION

Results

Model I Classical Assumption Test

In this study, the results of the classical assumption test on model I are as follows:

- Multicollinearity Test: This test shows that all independent variables have a Variance Inflation Factor (VIF) value below 10, which means there are no multicollinearity issues in the model shown in Table 1 below:

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Table 1. Multicollinearity Test Results

Variance Inflation Factors
Date: 12/10/23 Time: 10:53
Sample: 1 95
Included observations: 95

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.115280	5.378876	NA
X1	3.737134	2.869237	1.003405
X2	0.109597	3.420741	1.016755
X3	8.66E-05	1.355803	1.019524

Source: Eviews 13 Software Processing Results

- Heteroscedasticity Test: Using the Breusch-Pagan test, the results show that there is no heteroscedasticity because the significance value is more significant than 0.05, shown in Table 2 below:

Table 2. Results of Heteroscedasticity Test with Breusch-Pagan Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	5.849455	Prob. F(3,91)	0.0011
Obs*R-squared	15.35808	**Prob. Chi-Square(3)**	**0.1500**
Scaled explained SS	16.63294	Prob. Chi-Square(3)	0.0008

Source: Eviews 13 Software Processing Results

- Autocorrelation Test: Based on the Durbin-Watson test, the DW value is between 1.5 and 2.5, which indicates the absence of autocorrelation in the model shown in Table 3 below:

Table 3. Autocorrelation Test Results with Durbin-Watson Test

Weighted Statistics

S.E. of regression	0.862396	Sum squared resid	67.67922
F-statistic	16.90272	**Durbin-Watson stat**	**1.056524**
Prob(F-statistic)	0.000000		

Source: Eviews 13 Software Processing Results

Model II Classical Assumption Test

- The Classic Assumption Test test on Model II only uses the Normality Test, and this is because Model two uses the Moderated Regression Analysis (MRA) data analysis technique shown in Figure 1 below:

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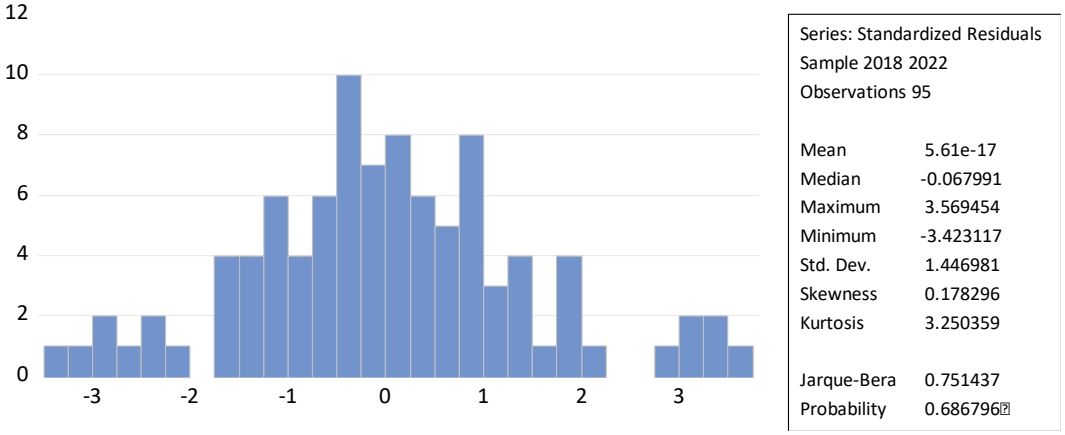
Figure 1. Normality Test with Jarque-Bera Test



Source: Eviews 13 Software Processing Results

Based on Figure 1 above, it is known that the probability value of the J-B statistic is 0.751, with a probability value of 0.686 more significant than the significance level of 0.05. It can be concluded that the assumption of normality is met

Selection of Regression Test on Model I

- Chow Test: The test results show that the Fixed Effect model is more suitable than the Common Effect model, which has a significance value of less than 0.05. The results of data processing can be shown in Table 4 below:

Table 4. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistics	D.F.	Prob.
Cross-section F	10.526484	(18,73)	0.0000
Cross-section Chi-square	121.571779	18	0.0000

Source: Eviews 13 Software Processing Results

- Hausman Test: The results of this test show that the Fixed Effect model is more appropriate to use than the Random Effect model, with a probability value of less than 0.05, shown in table 5 below:

Table 5. Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	7.878334	3	0.0486

Source: Eviews 13 Software Processing Results

- Lagrange Multiplier Test: This test supports the selection of Fixed Effect models with significance values below 0.05, shown in Table 6 below:

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Table 6. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	58.92660	1.137886	60.06449
	(0.0000)	(0.2861)	(0.0000)

Source: Eviews 13 Software Processing Results

Hypothesis Test on Model I

- After passing the data processing from the classical assumption test, it continued with the hypothesis test, which can be shown in Table 7 as follows:

Table 7. Hypothesis Test on Model I

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 12/08/23 Time: 21:06
Sample: 2018 2022
Periods included: 5
Cross-sections included: 19
Total panel (balanced) observations: 95
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.280272	0.423083	3.026058	0.0032
X1	14.12200	1.963931	7.190681	0.0000
X2	-0.085509	0.342418	-0.249722	0.8034
X3	-0.016469	0.006058	-2.718335	0.0079

Effects Specification

	S.D.	Rho
Cross-section random	1.179770	0.6635
Idiosyncratic random	0.840170	0.3365

Weighted Statistics

R-squared	0.357835	Mean dependent var	0.768437
Adjusted R-squared	0.336665	S.D. dependent var	1.058865
S.E. of regression	0.862396	Sum squared resid	67.67922
F-statistic	16.90272	Durbin-Watson stat	1.056524
Prob(F-statistic)	0.000000		

Unweighted Statistics

R-squared	0.420759	Mean dependent var	2.532221
Sum squared resid	214.4509	Durbin-Watson stat	0.333432

Source: Eviews 13 Software Processing Results

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Referring to table 7 above, the results of data processing are as follows:

1. The multiple regression equation on model 1 is as follows:

$$Y = 1.280 + 14.122X_1 - 0.085X_2 - 0.016\,X_3 + e \qquad (3)$$

2. It is known that the regression coefficient value of Profitability is 14.122 with a Prob value of 0.000 < the significance level is 0.05, then the H1 hypothesis is accepted, which means that Profitability (X1) affects the Company Value (Y).
3. It is known that the regression coefficient value of Leverage is -0.085 with a Prob value of 0.803 > the significance level is 0.05. The H2 hypothesis is rejected, meaning that Leverage (X2) has no effect on the Company Value (Y).
4. It is known that the regression coefficient value of Sales Growth is -0.016 with a Prob value of 0.000 < the significance level is 0.05, then the H3 hypothesis is accepted, which means that Sales Growth (X3) affects the Company Value (Y).
5. The value of the determination coefficient is Adjusted R2=0.3366. This value can be interpreted as Profitability (X1), Leverage (X2), and Sales Growth (X3) simultaneously having a significant effect on the Company Value (Y) variable of 33.66%, and other factors influence the remaining 66.34%.

Hypothesis Test on Model II

- After passing the data processing from the classical assumption test, it is continued with the hypothesis test on model II, namely the regression analysis (MRA) model shown in Table 8 below:

Table 8. Hypothesis Test on Model II

Dependent Variable: Y
Method: Panel Least Squares
Date: 12/10/23 Time: 14:36
Sample: 2018 2022
Periods included: 5
Cross-sections included: 19
Total panel (balanced) observations: 95

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.785279	0.284427	2.760922	0.0070
X1*Z	0.986896	0.133249	7.406385	0.0000
X2*Z	0.074240	0.026571	2.793996	0.0063
X3*Z	-0.001826	0.000729	-2.503740	0.0141

R-squared	0.468400	Mean dependent var	2.532221
Adjusted R-squared	0.450874	S.D. dependent var	1.984587
S.E. of regression	1.470639	Akaike info criterion	3.650464
Sum squared resid	196.8129	Schwarz criterion	3.757996
Log-likelihood	-169.3970	Hannan-Quinn criter.	3.693915
F-statistic	26.72708	Durbin-Watson stat	0.450001
Prob(F-statistic)	0.000000		

Source: Eviews 13 Software Processing Results

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Referring to Table 8 above, the results of data processing are as follows:

1. The multiple regression equation on model 1 is as follows:

$$Y = 0.785 + 0.986(X1 \times Z) + 0{,}074(X2 \times Z) - 0{,}001(X3 \times Z) + e \quad (4)$$

2. It is known that the regression coefficient value of Profitability (X1) x Company Size (Z) is 0.986 with a Prob value of 0.000, where < with a significance level of 0.05, the H4 hypothesis is accepted, which means that the interaction of Profitability (X1) and Company Size (Z) can strengthen the relationship between the influence of Profitability (X1) on Company Value (Y).
3. It is known that the regression coefficient value of Leverage (X2) x Company Size (Z) is 0.074 with a Prob value of 0.006, where < with a significance level of 0.05, then the H5 hypothesis is accepted, which means that the interaction of Leverage (X2) and Company Size (Z) can strengthen the relationship between the influence of Leverage (X2) on Company Value (Y).
4. It is known that the regression coefficient value of Sales Growth (X3) x Company Size (Z) is 0.001 with a Prob value of 0.014, where < with a significance level of 0.05, the H6 hypothesis is accepted, which means that the interaction of Sales Growth (X3) and Company Size (Z) can strengthen the relationship between the influence of Sales Growth (X3) on Company Value (Y).
5. Based on Table 8, the determination coefficient's value is Adjusted R2=0.4508. This value can be interpreted as the interaction of Profitability (X1), Leverage (X2), and Sales Growth (X3) with Company Size (Z) simultaneously having a significant effect on the Company Value variable (Y) of 45.08%. Other factors influence the remaining 54.92%.

Discussion

This study analyzes the influence of profitability, leverage, and sales growth on company value, with company size as a moderation variable. This research is focused on the consumer goods industry sector of the food and beverage sub-food and beverage listed on the Indonesia Stock Exchange during the 2018-2022 period. In this context, signal theory is used to understand how companies provide information to the market, affecting the company's value.

The Effect of Profitability on Company Value

Profitability is one of the leading indicators used to assess a company's performance. In signal theory, high profitability indicates a company's ability to generate profits from its assets. This gives investors confidence that the company has good prospects in the future, which ultimately increases the company's value. The results of this study show that profitability, which is measured using Return on Assets (ROA), has a positive and significant effect on the value of companies in the consumer goods industry sector of the food and beverage sub-industry. These findings are consistent with signal theory, where high profitability gives a positive signal to the market regarding the efficiency and effectiveness of a company's management in managing its assets (R. H. Chowdhury et al., 2014). In the highly competitive food and beverage industry, companies with high profitability tend to be more valued by the market because they are considered to have better resilience in the face of economic challenges, such as fluctuations in raw material prices and changes in consumer preferences (Abdulmalik,

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2023; Pervan & Mlikota, 2013).

Effect of Leverage on Company Value

Leverage, which reflects how much a company uses debt in its capital structure, can provide diverse signals to investors. On the one hand, using moderate leverage can be seen as an effective strategy to increase return on equity, ultimately increasing the company's value. However, leverage that is too high can increase financial risk and the possibility of bankruptcy, which can lower investor confidence and the company's value. This study shows that leverage, as measured by the debt-equity ratio (DER), does not significantly affect a company's value, and these results align with previous research Yustrianthe & Mahmudah (2021) and Sutapa (2018). This suggests that in the consumer goods sub-food and beverage industry sector, investors may focus more on the company's stability and profitability than on the level of leverage. Moreover, during periods of uncertainty, such as the COVID-19 pandemic, investors may consider the risks associated with high leverage too significant. Hence, they are more likely to value companies with more conservative capital structures.

The Effect of Sales Growth on Company Value

Sales growth is another important indicator that reflects the company's success in increasing revenue and expanding market share. In signal theory, strong sales growth gives a positive signal to the market that the company can compete and grow, increasing the company's value. The study found that sales growth positively and significantly influences company value. Investors value companies that can show consistent sales growth, reflecting the company's ability to continue to grow and compete in the market (Hu et al., 2023). In the context of the food and beverage industry, where consumer preferences can change rapidly, the ability to maintain and increase sales is an essential indicator of long-term success (Christian & Ifekanandu, 2024). Companies that can adapt quickly to changes in market demand tend to be more valued by investors.

Company Size Moderates the Effect of Profitability on Company Value

Company size often indicates a company's financial strength and stability. In signal theory, larger companies have better access to resources, allowing them to leverage profitability more effectively to increase the company's value. The results of this study show that the size of the company can significantly moderate the influence of profitability on the value of the company. This means that large companies with high profitability tend to be more valued by the market because they can maintain good performance and provide stable returns to investors, and it's related to previous studies conducted by Firer & Stainbank (2003) and Kumar & Dua (2021). In the food and beverage sub-consumer goods industry, the company's size can determine a company's competitiveness, especially in the face of market challenges and economic fluctuations. Large companies have a greater capacity to invest in product innovation and market expansion, which can strengthen the influence of profitability on the company's value (Lawson & Samson, 2001).

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Company Size Moderates the Effect of Leverage on Company Value

In the context of leverage, the company's size can also impact its value. Large companies typically have more stable cash flow and easier access to financing, which can reduce the risks associated with high leverage. The results of this study show that the size of the company can significantly moderate the influence of leverage on the value of the company. Based on this research results, large companies, with more resources and better access to capital, can manage the risks associated with leverage more effectively than smaller companies (Komara & Riana, 2024; Nugroho et al., 2024). Thus, investors may not see leverage on large companies as a significant risk but rather as a strategy to increase returns. In the food and beverage consumer goods sector, where economic fluctuations can affect consumer purchasing power, large companies with high leverage but control tend to be better able to maintain corporate value than smaller ones.

Company Size Moderates the Effect of Sales Growth on Company Value

High sales growth indicates management's success in developing the business and expanding the market. Company size can amplify the influence of sales growth on company value, as large companies tend to have more significant resources to support this growth. The results of this study show that the size of the company can significantly moderate the influence of sales growth on the company's value. This shows that large companies that can show strong sales growth are more appreciated by the market because they are considered to have a greater capacity to maintain and expand this growth in the future (Amaliyah et al., 2023; Neves et al., 2022). In the food and beverage sub-consumer goods industry, where innovation and market adaptation are essential, the ability of large companies to continue to grow becomes a critical factor in the valuation of companies by investors.

CONCLUSION

This study aims to analyze the influence of profitability, leverage, and sales growth on company value, as well as the role of company size moderation in the consumer goods industry sector of the food and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2018-2022. Based on the results of the analysis, it can be concluded as follows:

- Effect of Profitability on Company Value: Profitability as measured by Return on Assets (ROA) positively and significantly influences company value. This is consistent with the signal theory, which states that high profitability gives investors a positive signal about the company's performance and prospects, increasing the company's value.
- Effect of Leverage on Company Value: The study results show that leverage, as measured by the debt-to-equity ratio (DER), does not significantly affect a company's value. This shows that in the food and beverage sector, investors prioritize company stability and profitability over the level of leverage, especially in uncertain economic situations.
- Effect of Sales Growth on Company Value: Sales growth has positively and significantly influenced company value. Investors see consistent sales growth as a sign of management's success in developing the business and expanding its market share, contributing to an increase in the company's value.

- Moderation of Company Size on the Influence of Profitability: Company size has been proven to moderate the influence of profitability on the company's value. Large companies with high profitability tend to be more valued by the market because they can maintain and improve performance.
- Company Size Moderation on Leverage Effect: Company size also moderates the effect of leverage on company value. Large companies with proper leverage structures are better able to manage risk and utilize leverage to increase the company's value compared to smaller companies.
- Moderation of Company Size on the Influence of Sales Growth: Company size also moderates the influence of sales growth on the company's value. Large companies that can show significant sales growth are more appreciated by the market because they are considered to have a greater capacity to maintain and expand growth in the future.

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