

**COMPANY VALUE ANALYSIS IS INFLUENCED BY FINANCIAL RATIOS AND INFLATION IN FOOD AND BEVERAGE SUB-SECTOR COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE****Okalesa<sup>1</sup>, Hernando Halim<sup>2</sup>, and Asepma Hygi Prihastuti<sup>3</sup>**<sup>1,2</sup>Institut Bisnis dan Teknologi Pelita Indonesia<sup>3</sup>Universitas Persada Bunda IndonesiaE-mail: [okalesa@lecturer.pelitaindonesia.ac.id](mailto:okalesa@lecturer.pelitaindonesia.ac.id)<sup>1</sup>DOI: <https://doi.org/10.35145/bilancia.v9i2.5060>

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**ABSTRACT**

This study aims to determine the effect of Return On Equity, Dividend Payout Ratio, Investment Opportunity Set and Inflation on Firm Value (Tobin's Q) in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2019-2023. This study uses secondary data. The sampling technique in this study uses Purposive Sampling. The number of samples obtained was 43 companies. The analysis method of this study uses descriptive analysis and several types of evaluations using the help of SmartPLS software. The results of this study indicate that Return On Equity has a positive but insignificant effect on Firm Value. Dividend Payout Ratio has a negative but insignificant effect on Firm Value. Investment Opportunity Set has a positive and significant effect on Firm Value. Inflation has a negative but insignificant effect on Firm Value. The implication of this study suggests that companies in the food and beverage sub-sector should focus on strengthening their investment opportunities as a strategic driver to enhance firm value, while maintaining awareness of macroeconomic variables and financial indicators that, although statistically insignificant, may still influence investor perception and long-term valuation.

**Keywords:** Return On Equity, Dividend Payout Ratio, Investment Opportunity Set, Inflation, Firm Value***ANALISIS NILAI PERUSAHAAN DIPENGARUHI RASIO KEUANGAN DAN INFLASI PADA PERUSAHAAN SUB SEKTOR MAKANAN DAN MINUMAN YANG TERDAFTAR DI BURSA EFEK INDONESIA******ABSTRAK***

*Penelitian ini bertujuan untuk mengetahui pengaruh Return On Equity, Dividend Payout Ratio, Investment Opportunity Set dan Inflasi terhadap Nilai Perusahaan (Tobin's Q) pada perusahaan subsektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia periode 2019-2023. Penelitian ini menggunakan data sekunder. Teknik pengambilan sampel dalam penelitian ini menggunakan Purposive Sampling. Jumlah sampel yang diperoleh sebanyak 43 perusahaan. Metode analisis penelitian ini menggunakan analisis deskriptif dan beberapa jenis evaluasi dengan menggunakan bantuan software SmartPLS. Hasil penelitian ini menunjukkan bahwa Return On Equity berpengaruh positif namun tidak signifikan terhadap nilai perusahaan. Dividend Payout Ratio berpengaruh negatif namun tidak signifikan terhadap nilai perusahaan. Investment Opportunity Set berpengaruh positif dan signifikan terhadap nilai perusahaan. Inflasi berpengaruh negatif namun tidak signifikan terhadap nilai perusahaan. Implikasi dari penelitian ini yaitu perusahaan di subsektor makanan dan minuman harus berfokus pada penguatan peluang investasi pada sebagai pendorong strategis untuk meningkatkan nilai perusahaan, variabel-variabel ekonomi makro dan indikator-indikator keuangan dalam penelitian ini, meskipun secara statistik tidak signifikan, masih dapat memengaruhi persepsi investor dan penilaian jangka panjang.*

***Kata Kunci:*** Return On Equity, Dividend Payout Ratio, Investment Opportunity Set, Inflasi, Nilai Perusahaan

## INTRODUCTION

Development increasingly sophisticated technology has a major impact on the business world. This technological advancement requires companies to be more up-to-date in order to compete more aggressively in the field of technology that affects their ability to produce products. The current state of the business world brings a new topic that is very interesting and often discussed: the Industrial Revolution 4.0. Companies that follow the development of Industry 4.0 use a more systematic supply chain and network in the business world. In global companies, suppliers or employees can work in small groups to improve ideas and spread them widely. The existence of the 4.0 revolution provides new hope for companies, especially large manufacturers, to increase shareholder value (Rivandi & Petra, 2022).

Industry food and beverage is a leading producer and makes a significant contribution to the economy national. This can be seen from its continuous and significant contribution to gross domestic product (GDP) and investment realization. The food and beverage industry is the most resilient subsector to economic crises. This is because, even in a crisis, food and beverages are still desired or needed because they are the most basic needs. During a crisis, people limit consumption by meeting basic needs and reducing secondary needs. The more entrepreneurs enter the food and beverage subsector, the more competitors will emerge in similar industries. Therefore, companies need to pay attention to their performance, including financial performance, and manage their finances to achieve higher profits so as to increase the value of their company. (Andriani & Rudianto, 2019).

The food and beverage industry is indeed a very promising business, as seen from the GDP (Gross Domestic Product) of the national food and beverage industry reaching IDR 1.36 quadrillion in 2023. Food and beverages contribute greatly to people's lives and are anti-crisis sectors, so these numbers will continue to rise. By looking at the following data, it can be seen that the food and beverage industry does have prospects in the future, so many investors will look at this sector.

In making investments, investors want to see companies whose capital is used seriously to create high profits in order to get maximum investment profits. Return On Equity is the ratio of a company's ability to generate net profit for equity returns to shareholders (Listyawati & Kristiana, 2021). One of the main reasons a company operates is to generate profits that are beneficial to shareholders, the measure of the success of achieving this reason is the Return on Equity figure that has been achieved. The greater the Return On Equity reflects the company's ability to generate high profits, thereby increasing the value of the company (Helmy Fahrizal, 2014). This is supported by Triagustina et al. (2015) that Return on Equity has a positive and significant effect on company value and research Senda (2014) that Return On Equity has an effect on company value. However, this is different from the research conducted by Helmy Fahrizal (2014) that Return On Equity has a negative and significant effect on company value and research Market & Lestari (2022) that Return On Equity does not have a significant effect on company value.

Every investor wants to get profit from what the company produces, for that investors also pay attention to the profit given by the company to investors (dividends) which are measured by the Dividend Payout Ratio. Dividend Payout Ratio is the ratio between dividends paid by a company (in one fiscal year) divided by the company's net profit (net income), in that fiscal year Lebelaha et al. (2016). High company value usually companies distribute fairly large dividends so that investors are very interested in investing their capital in the company with the hope that the company's value will continue to grow. This is supported by research Ratna (2014) that Dividend Payout Ratio affects company value and research Anggraini et al., (2021) that the Dividend Payout Ratio has a positive and significant effect on company value. However, this is different from the research conducted by Lebelaha et al., (2016) that the Dividend Payout Ratio does not have a significant influence on company value and research Mubyarto (2019) that the Dividend Payout Ratio does not have a significant effect on company value.

Investment Opportunity Set is a company's opportunity to grow. Companies with a high Investment Opportunity Set tend to be positively assessed by investors because they have more profit prospects in the future. When a company has a high Investment Opportunity Set, the company's value will increase because more investors are interested in investing in the hope of getting a greater return in the future Warianto & Ruisti (2014). Investment Opportunity Set provides a positive signal about the company's growth in the future, thus increasing the stock price as an indicator of the company's value, if the stock price rises then the company's value will be high Astriani (2014). This is supported by research Astriani (2014) that Investment Opportunity Set has a positive effect on company value and research Alamsyah & Malanua (2021) that Investment Opportunity Set has an effect on company value. However, this is different from the statement from Kolibu et al., (2020) that the Investment Opportunity Set has been proven to have no effect on company value and research Arifin & Sudiyatno (2023) that the Investment Opportunity Set has a negative influence on company value.

Inflation is a decrease in currency and an increase in the price of good, this causes the company's production costs to increase because the price of goods increases which makes the company have to increase the selling price. Inflation is an economic indicator that provides information on the decline in the value of the rupiah and this condition is marked by the increase in the price of necessities in the market. Inflation is often a problem in a country's economy. Especially if the government cannot overcome the problem of inflation and cannot

overcome its growth rate (Mardiyati, 2015). Therefore, with the increase in inflation, it will decrease the company's profits which will cause the company's value to decrease. This is supported by research Mardiyati (2015) that inflation has a negative but insignificant effect on company value and research Nursalim et al., (2021) that inflation does not affect the value of the company. However, this is different from the research conducted by Hendayana & Riyanti (2019) that inflation has a positive but insignificant effect on company value and research Widanto (2023) that inflation has a positive effect on company value.

## **LITERATURE REVIEW**

### **Signaling Theory**

Theory Signaling discusses how signals regarding the success or failure of management (agent) should be sent to the owner (principal). Signaling theory explains that signaling is done by managers to reduce asymmetric information. Due to the lack of information about the company available to outsiders, outsiders protect themselves by giving the company a low rating. Companies can increase shareholder value by reducing information asymmetry. One option is to provide signals in the form of reliable financial reporting information to external parties so that uncertainty about the company's future prospects can be reduced. Good company performance reports increase the value of the company. Signaling theory argues that management's motivation in presenting financial reporting information is expected to provide a signal of prosperity to owners or shareholders (Tumiur, 2019).

Whatever form of signal is used, the signal is always meant to imply something in the hope that the market or external parties will change their opinion about the company. This means that the selected signal must contain information content in order to be able to change the assessment of external stakeholders. In general, signal theory aims to understand why some signals are valuable or useful while others are useless. Signal theory examines how signals relate to the qualities reflected in them, and what elements of the signal or surrounding community make them persuasive and attractive.

### **Return On Equity**

Return On Equity is a measure of how much net profit is generated from each fund put into total capital. This ratio can be calculated by dividing net profit by equity. Return On Equity explicitly takes into account the company's ability to generate profits for common shareholders after taking into account interest (debt costs) and preferred stock dividends (preferred stock costs). Therefore, from the definition above we can conclude that Return On Equity is a ratio that shows or describes a company's ability to use its own capital to generate profits or returns for shareholders (Simanjuntak, 2021).

### **Dividend Payout Ratio**

Dividend Payout Ratio is the company's ability to measure how much dividend is returned to shareholders, whether distributed to them as dividends or retained for future investment financing. The dividend payout ratio reflects the company's ability to generate profits or return profits to shareholders. The higher this ratio, the greater the possibility that the company is able to provide profits to its shareholders. (Wahyudi & Deitiana, 2020).

### **Investment Opportunity Set**

Investment Opportunity Set first put forward by Myers (1976) which is a combination of assets in place and future investment options with positive NPV. Investment Opportunity Set (IOS) in relation to achieving corporate goals, provides broader guidance where the value of the company as the main goal depends on the company's future expenditures. Investment Opportunity Set (IOS) shows the company's ability to profit from growth prospects. Company growth is an important expectation desired by internal parties, namely management, and external parties such as investors and creditors. Growth is expected to provide a positive aspect for the company, thereby increasing investment opportunities in the company.

### **Inflation**

Inflation is one of the classic economic problems. It can cause a decrease in people's real income and have a long-term negative impact on the economy as a whole. Inflation is a general and persistent tendency to increase the price level. An increase in the price of one or two goods alone is not inflation unless the increase spreads to (causes the price of) most other goods to rise. Therefore, inflation is a very important indicator for maintaining economic stability. The currency crisis that occurred in mid-1997 caused a spike in inflation in Indonesia, reducing people's purchasing power and reducing economic growth.

### **Company Values**

Company value is the investor's perception of the company's success. High company value will make the market believe in the company's performance and management's performance in managing the company (Ernitasianturi, 2015). High company value is certainly the desire of the company owner, because high value shows the prosperity

of shareholders is also high. The wealth of shareholders and the company is represented by the market price of shares which is a reflection of investment decisions, financing, and asset management.

### **Formulation of Hypothesis**

#### **The Influence of Return on Equity on Company Value**

Return On Equity is the ratio of the company's ability to generate net profit for return on equity to shareholders (Listyawati & Kristiana, 2021). Return On Equity is very important in maintaining long-term business continuity, because Return on Equity shows whether the business has good prospects in the future. The higher the net profit to return on equity, the company has good prospects in the future and of course can increase the value of the company, if the net profit to return on equity is low, the company has poor prospects in the future and of course can reduce the value of the company.

In research Triagustina et al. (2015) and Mubyzarto (2019) that Return On Equity has a positive and significant influence on company value, research Astriani (2014) and Lutfiah & Pangestuti (2023) Return On Equity has a positive effect on company value, research Ratna (2014) and Senda (2014) Return On Equity affects the company's value. Of course, increasing Return On Equity should increase the company's value due to the increase in net profit to equity, while this is different in research Fahrizal (2014) and Anggraini et al., (2021) that Return On Equity has a negative and significant effect on company value, research Market & Lestari (2022) and Septiana (2023) Return On Equity does not have a significant effect on the company's value. Low Return on Equity can cause low investor confidence in the company's value. Thus, the following hypothesis is formulated

H1: Return On Equity has a positive influence on company value

#### **The Effect of Dividend Payout Ratio on Company Value**

Dividend Payout Ratio is the ratio between dividends paid by a company (in one fiscal year) divided by the company's net profit (net income), in that fiscal year. Determining the size of the dividend to be paid by a company that has planned by setting a Dividend Payout Ratio target is based on the calculation of net profit obtained after deducting taxes (Lebelaha et al., 2016).

In research Ratna (2014) and Senda (2014) that Dividend Payout Ratio affects company value and research Anggraini et al., (2021) Dividend Payout Ratio has a positive and significant effect on the company's value. With a high dividend ratio payment, many investors can enter to get profit and hope that the company's value will increase, while this is different in research Lebelaha et al., (2016) and Mubyarto (2019) that the Dividend Payout Ratio does not have a significant influence on company value and research Widanto (2023) Dividend Payout Ratio does not affect the company's value. The reason it does not affect is because the company's management probably wants the company's profits to be reinvested rather than distributed to increase the company's value in the future. Thus, the following hypothesis is formulated:

H2: Dividend Payout Ratio has a positive influence on firm value.

#### **The Influence of Investment Opportunity Set on Company Value**

Investment Opportunity Set is an expenditure made at present with the hope of a return in the future where the growth in value of the investment can increase the value of the company Astriani (2014). Investment Opportunity Set provides a positive signal about the company's growth in the future, thus increasing the stock price as an indicator of the company's value, if the stock price rises then the company's value will be high, conversely if the stock price falls then the company's value will also fall. Companies with a high Investment Opportunity Set tend to be assessed positively by investors because they have more profit prospects in the future. Thus when a company has a high Investment Opportunity Set then the company's value will increase because more investors are interested in investing in the hope of obtaining greater returns in the future (Warianto & Ruisti, 2014).

In research Fahrizal (2014) that the Investment Opportunity Set has a positive and significant effect on company value, research Astriani (2014) and Syardiana et al., (2015) Investment Opportunity Set has a positive effect on company value, Alamsyah & Malanua (2021) Investment Opportunity Set has an effect on the company's value. With the high increase in Investment Opportunity Set, it is expected that many investors will enter because it is considered to have good prospects in the future so that it can increase the company's value. While this is different in research Kolibu et al., (2020) and Mariva et al., (2022) that the Investment Opportunity Set has been proven to have no effect on company value, research Arifin & Sudiyatno (2023) Investment Opportunity Set has a negative influence on company value, research shows Novryanius et al. (2017) Investment Opportunity Set has a negative and significant effect on company value. It has no effect or a negative effect due to the company's failure to manage investment. Thus, the following hypothesis is formulated:

H3: Investment Opportunity Set has a positive influence on firm value.

#### **The Effect of Inflation on Company Value**

Inflation is a condition where all prices generally increase. All countries face inflation. In 1997, Indonesia experienced a fairly high inflation rate which had a very negative impact on the national economy. This situation

reduces the monetary value of the goods. This inflation can be interpreted as a general tendency for the increase in prevailing prices which continues continuously for a relatively long period of time.

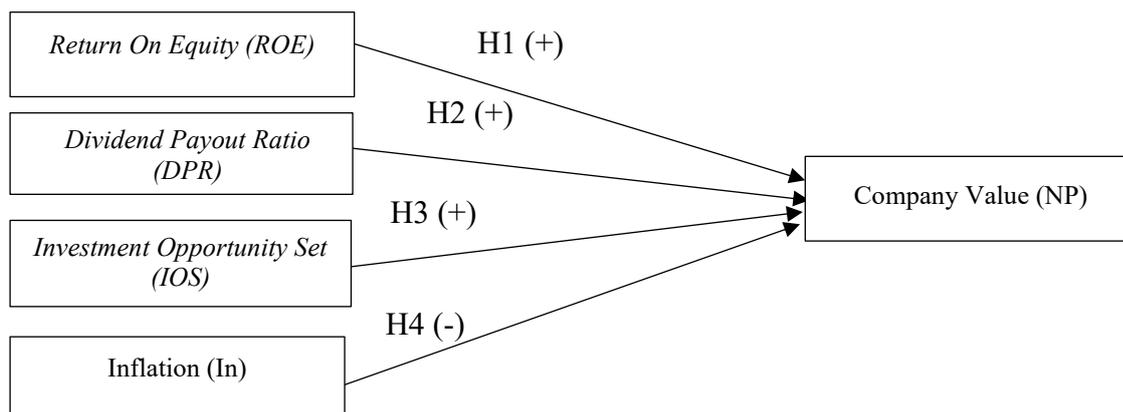
Inflation is an economic indicator that describes the decline in the value of the rupiah and this condition is marked by the increasing price of goods in the market. Inflation is often a problem in a country's economy. Some factors that cause inflation include company policies that increase the price of their products due to increasing internal costs such as increasing wages, interest rates or also because of high profit expectations (Cost Push Inflation). In addition, there is also a cause of Demand Full Inflation, namely inflation that arises because it is driven by costs Mardiyati (2015). Therefore, inflation certainly has a negative impact on the company's value.

In research Hendayana & Riyanti (2019) that inflation has a positive but insignificant effect on company value, research Lutfiah & Pangestuti (2023) and Juniandio Putra Widanto (2023) Inflation has a positive effect on company value, research Saputra et al., (2023) Inflation has a significant effect on company value, while this is different in research Mardiyati (2015) and Murjiani & Adiyanto (2023) that inflation has a negative but insignificant effect on company value, research Nursalim et al., (2021) and Silviyani (2022) Inflation does not affect the value of the company. Inflation greatly affects the price of goods, so that high inflation causes the price of goods to increase, of course it will increase the Cost of Goods Sold which can cause a decrease in profit and thus reduce the value of the company, but inflation can also not affect the company too much because of the needs that inevitably must continue to be purchased so that it does not affect the value of the company too much. Thus, the following hypothesis is formulated:

H4: Inflation has a negative effect on firm value

### Framework

Based on the description of the relationship between the variables Return On Equity, Dividend Payout Ratio, Investment Opportunity Set, and Inflation on Profit Growth, the following framework of thought is formulated:



Source: *Developed Research Journal* (2024)

**Figure 1. Framework of Thought**

## RESEARCH METHODS

### Place and Time of Research

This research was conducted on food and beverage sub-sector companies that have been registered on the Indonesia Stock Exchange (IDX) by downloading official information data from the IDX website at [www.idx.co.id](http://www.idx.co.id). This research was conducted from August 2024 to February 2025.

### Population and Sample

The population in this study is from one of the sub-sectors of companies listed on the Indonesia Stock Exchange (IDX), namely the food and beverage sub-sector during the period 2019-2023. Based on data obtained in 2023, there were 95 companies in the population.

The sampling technique used in this study is purposive sampling, which is a technique used in determining research samples based on certain considerations in accordance with the criteria so that the data obtained can achieve the research objectives and can be more representative. The criteria used in determining this research sample are as follows:

**Table 1. Sampling Criteria**

| No                | Sampling Criteria   | Amount |
|-------------------|---|--------|
| 1                 | Food and beverage sub-sector companies listed on the IDX for the 2019-2023 period                           | 95     |
| 2                 | Food and beverage sub-sector companies that IPO after January 1, 2019                                       | (45)   |
| 3                 | Food and beverage sub-sector companies suspended for the 2019-2023 period                                   | (4)    |
| 4                 | Food and beverage sub-sector companies that do not have complete financial reports for the 2019-2023 period | (3)    |
| Number of Samples |   | 43     |

Source: Processed Data (2024)

### Operational Research Variables

In this study, the independent variables and dependent variables that will be used consist of:

#### Return On Equity(X1)

Return On Equity is the ratio to measure net profit after tax with equity. And the formula to find Return On Equity (ROE) according to Kasmir (2015) are as follows:

$$\text{Return On Equity} = \frac{\text{Net Profit After Tax} \times 100\%}{\text{Total Capital}} \quad (1)$$

#### Dividend Payout Ratio(X2)

Dividend Payout Ratio (DPR) is the percentage of income that will be paid to shareholders that will be paid as cash dividends. The percentage of income that will be paid to shareholders with the comparison between Dividend Per Share (DPS) and Earning Per Share (EPS) (Anggraeni & Krisnando, 2020).

$$\text{DPR} = \frac{\text{DPS} \times 100\%}{\text{EPS}} \quad (2)$$

#### Investment Opportunity Set(X3)

Investment Opportunity Set In this study, a single proxy based on price is used, namely the Ratio Market to Book Value Equity. This proxy can reflect the amount of return from existing assets and investments expected in the future can exceed the return from the desired equity. The Ratio Market to Book Value Equity Formula according to Astriani (2014) that is:

$$\text{MBVE} = \frac{\text{Number of Shares Outstanding} \times \text{Closing Price}}{\text{Total Equity}} \quad (3)$$

#### Inflation (X4)

Inflation is an economic indicator that describes the decline in the value of the rupiah and this condition is marked by the increasing prices of necessities in the market. Inflation is often a problem in a country's economy. The formula used is:

$$\text{IR}_x = (\text{IHK}_x / \text{IHK}_{x-1} \cdot 100) - 100 \quad (4)$$

However, inflation in this study can also be determined based on inflation data issued by Bank Indonesia as of December 31 each year.

#### Company Value (Y1)

Company Value will be measured using Tobin's Q. In general, Tobin's Q is one of the ratios in measuring company value. Tobin's Q is a ratio measuring tool that defines company value as a form of tangible and intangible asset value. According to Naqsyabandi (2015) Tobin's Q is measured by the formula:

$$Q = (\text{MVS} + \text{D}) / \text{TA} \quad (5)$$

### Data Analysis Techniques

#### Descriptive Analysis

This analysis is intended to provide an overview of the general description of the data obtained. Descriptive statistics provide an overview or description of data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (distribution skewness). This study uses the minimum, maximum, average and standard deviation values (Ghozali, 2018).

### Data Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should not have a correlation between independent variables. If the tolerance value  $\leq 0.10$  and the VIF value  $\geq 10$ , then it indicates multicollinearity (Ghozali, 2018).

### Coefficient of Determination Test (R<sup>2</sup>)

This model aims to measure how far the model's ability to explain and describe the variation of the dependent variable. The assessment criteria are that if the value of the coefficient of determination is greater, the ability of the independent variable to explain the dependent variable will be better. The range of the coefficient of determination value is between 0 and 1. The R<sup>2</sup> value ranges from 0 to 1, meaning that the independent variable provides almost all the information needed to predict the variation of the dependent variable (Ghozali, 2018).

### Multiple Linear Regression Equation (Path Coefficient)

Path Coefficient is an extension of multiple linear regression analysis. Multiple linear regression analysis is carried out to assess the impact of correlation between independent variables on dependent variables.

### Hypothesis Test (t-Test)

The t-test is conducted to test the significance of the model partially, namely to see the influence of the independent variables individually on the dependent variable (Ghozali, 2018). This test was conducted at a significance level of 0.05 with the following provisions: (1) If Sig t < 0.05, then H<sub>0</sub> is rejected and H<sub>a</sub> is accepted, which means that the independent variable has a significant influence on the dependent variable. (2) If Sig t > 0.05, then H<sub>0</sub> is accepted and H<sub>a</sub> is rejected, which means that the independent variable does not have a significant influence on the dependent variable.

## RESULTS AND DISCUSSION

### Descriptive Analysis

Descriptive analysis and frequency distribution of the research model can be seen in table 2 below.

**Table 2. Descriptive Analysis**

|                            | N   | Minimum   | Maximum   | Mean     | Std. Deviation |
|----------------------------|-----|-----------|-----------|----------|----------------|
| Return On Equity           | 215 | -1.666384 | 2.169985  | 0.099028 | 0.295814       |
| Dividend Payout Ratio      | 215 | -6.666667 | 11.589759 | 0.374028 | 1.084350       |
| Investment Opportunity Set | 215 | -0.326160 | 28.497644 | 2.360513 | 2.959043       |
| Inflation                  | 215 | 0.016800  | 0.055100  | 0.028780 | 0.013798       |
| Tobin's Q                  | 215 | 0.533087  | 11.877817 | 1.735960 | 1.315872       |
| Valid N (listwise)         | 215 |           |           |          |                |

Source: SPSS Processed Data (2024)

### Return On Equity

The minimum value of the Return On Equity variable from 215 samples of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period is -1.666384 obtained from the company Prasadha Aneka Niaga Tbk (PSDN) in 2021. The maximum value is 2.169985 obtained from the company Prasadha Aneka Niaga Tbk (PSDN) in 2023. The average value obtained from this variable is 0.099028 with a standard deviation value of 0.295814.

### Dividend Payout Ratio

The minimum value of the Dividend Payout Ratio variable from 215 samples of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period is -6.666667 which is obtained from the company Buyung Poetra Sembada Tbk (HOKI) in 2023. The maximum value is 11.589759 which is obtained from the company Sekar Bumi Tbk (SKBM) in 2023. The average value obtained from this variable is 0.374028 with a standard deviation value of 1.084350.

### Investment Opportunity Set

The minimum value of the Investment Opportunity Set variable from 215 samples of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period is -0.326160 obtained from the company FKS Food Sejahtera Tbk (AISA) in 2019. The maximum value is 28.497644 obtained from the company Multi Bintang Indonesia Tbk (MLBI) in 2019. The average value obtained from this variable is 2.360513 with a standard deviation value of 2.959043.

### Inflation

The minimum value of the Inflation variable from 215 samples of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period is 0.016800 in 2020. The maximum value is 0.055100 in 2022. The average value obtained from this variable is 0.028780 with a standard deviation value of 0.013798.

### Firm Value (Tobin's Q)

The minimum value of the Tobin's Q variable from 215 samples of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period is 0.533087 obtained from the Tbk company (ANJT) in 2022. The maximum value is 11.877817 obtained from the Multi Bintang Indonesia Tbk company (MLBI) in 2019. The average value obtained from this variable is 1.735960 with a standard deviation value of 1.315872.

### Data Multicollinearity Test

The results of the multicollinearity test in table 2 show the Tolerance value of the independent variables in the form of Return On Equity, Dividend Payout Ratio, Investment Opportunity Set and Inflation against the dependent variable Company Value has a VIF Value <10 and Tolerance Value > 0.10, so it can be concluded that there is no multicollinearity.

### Multiple Linear Regression Equation (Path Coefficient)

**Table 3 Path Coefficient Test Results**

| Variables                  | Original Sample (O) | T statistics (O/STDEV) | P Values | Conclusion      |
|----------------------------|---------------------|------------------------|----------|-----------------|
| Return On Equity           | 0.085               | 1.258                  | 0.209    | Not Significant |
| Dividend Payout Ratio      | -0.005              | 0.251                  | 0.802    | Not Significant |
| Investment Opportunity Set | 0.889               | 24,561                 | 0.000    | Significant     |
| Inflation                  | -0.018              | 0.658                  | 0.510    | Not Significant |

Source: SmartPLS Processed Data (2024)

Based on these data, the following equation is obtained:

$$Y_1 = 0.085X_1 - 0.005X_2 + 0.889X_3 - 0.018X_4 \quad (6)$$

### Coefficient of Determination Test (R<sup>2</sup>)

Based on the results of the model feasibility test, the Adjusted R Square value for the variables Return On Equity, Dividend Payout Ratio, Investment Opportunity Set, and Inflation on Company Value (Y) is 0.839 or 83.9% where the remaining 16.1% is explained by other variables that are not variables in this study, so it can be concluded that the Independent Variable has a significant effect on the Dependent Variable.

### Hypothesis Test (t-Test)

#### The Influence of Return on Equity on Company Value

This hypothesis testing is conducted to determine whether Return On Equity has a significant effect on Company Value. Based on the data in table 4.47, the known Path Coefficient is that the Return On Equity variable has a P Value of 0.209 while alpha is 0.05 (P Value > 0.05). So it can be concluded that Ho is accepted, H1 is rejected. This shows that Return On Equity has a positive but insignificant effect on Company Value.

#### The Effect of Dividend Payout Ratio on Company Value

This hypothesis test is conducted to determine whether the Dividend Payout Ratio has a significant effect on Company Value. Based on the data in table 4.47, the known Path Coefficient is that the Dividend Payout Ratio variable has a P Value of 0.802 while alpha is 0.05 (P Value > 0.05). So it can be concluded that Ho is accepted, H2 is rejected. This shows that the Dividend Payout Ratio has a negative but insignificant effect on Company Value.

#### The Influence of Investment Opportunity Set on Company Value

This hypothesis testing is conducted to determine whether Investment Opportunity Set has a significant effect on Company Value. Based on the data in table 4.47, the known Path Coefficient is that the Investment Opportunity Set variable has a P Value of 0.000 while alpha is 0.05 (P Value < 0.05). So it can be concluded that Ho is rejected, H3 is accepted. This shows that Investment Opportunity Set has a positive and significant effect on Company Value.

### **The Effect of Inflation on Company Value**

This hypothesis testing is conducted to determine whether Inflation has a significant effect on Company Value. Based on the data in table 4.47, the known Path Coefficient is that the Inflation variable has a P Value of 0.510 while alpha is 0.05 (P Value > 0.05). So it can be concluded that  $H_0$  is accepted,  $H_4$  is rejected. This shows that Inflation has a negative but insignificant effect on Company Value.

### **Discussion**

#### **The Influence of Return On Equity on Company Value**

The test results show that Return On Equity has a positive but insignificant effect on Company Value, where every increase in Return On Equity will increase Company Value, this is because if Return On Equity increases then the Company Value will increase because the return on capital continues to increase and vice versa if Return On Equity decreases then the Company Value will also decrease because the return on capital decreases. Return On Equity describes the growth of net profit against the company's capital. The higher the Return On Equity, the more investors are interested in investing in the hope of increasing Company Value.

Based on the results of the hypothesis test, it can be seen that Return On Equity has a positive but insignificant effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This is in line with research Astriani (2014) which states that Return On Equity has a positive but insignificant effect on Company Value. However, the results of this study are contrary to the research Anggraini et al., (2021) which states that Return On Equity has a negative and significant effect on Company Value. As well as research Silviyani (2022) which states that Return On Equity has a positive and significant effect on Company Value.

#### **The Effect of Dividend Payout Ratio on Company Value**

The test results show that the Dividend Payout Ratio has a negative but insignificant effect on the Company's Value, where every increase in the Dividend Payout Ratio will decrease the Company's Value, this is because if the Dividend Payout Ratio increases, the Company's Value will decrease because the distribution causes retained earnings to decrease so that there is less money to develop the business and vice versa if the Dividend Payout Ratio decreases, the Company's Value will increase because there is little or no distribution of retained earnings which allows the company to develop the business or expand. The Dividend Payout Ratio describes the distribution of profits to shareholders. The higher the Dividend Payout Ratio, the more difficult it will be for the company to develop because the profits that will be used for business development must be distributed to shareholders.

Based on the results of the hypothesis test, it can be seen that the Dividend Payout Ratio has a negative and insignificant effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This is in line with research Market & Lestari (2022) which states that the Dividend Payout Ratio has a negative but insignificant effect on Company Value. However, the results of this study are contrary to the research Anggraini et al., (2021) which states that the Dividend Payout Ratio has a positive and significant effect on company value. As well as research Widanto (2023) which states that the Dividend Payout Ratio does not affect Company Value.

#### **The Influence of Investment Opportunity Set on Company Value**

The test results show that Investment Opportunity Set has a positive and significant effect on Company Value, where every increase in Investment Opportunity Set will increase Company Value, this is because if Investment Opportunity Set increases then Company Value will increase because it gains profit from the company's growth prospects and vice versa if Investment Opportunity Set decreases then Company Value will also decrease because it gains loss from the company's growth prospects. Investment Opportunity Set describes investment opportunities for a company based on the price and capitalization of a company. The higher the Investment Opportunity Set, the more investors are interested in investing by expecting an increase in company investment which causes an increase in Company Value.

Based on the results of the hypothesis test, it can be seen that the Investment Opportunity Set has a positive and significant effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This is in line with research Fahrizal (2014) which states that Investment Opportunity Set has a positive and significant effect on Company Value. However, the results of this study are contrary to the research Novryanius et al., (2017) which states that Investment Opportunity Set has a negative and significant effect on company value And research Kolibu et al., (2020) which states that the Investment Opportunity Set has been proven to have no effect on Company Value.

#### **The Effect of Inflation on Company Value**

From the test results show that inflation has a negative but insignificant effect on company value, where every increase in inflation will decrease the company value, this is because if inflation increases, the company value will decrease due to the increase in general price levels which causes company profits to decrease so that it affects the

company value and vice versa if inflation decreases, the company value will increase due to the decrease in general price levels which causes company profits to increase which affects the company value to increase as well. Dividend Payout Ratio describes the distribution of profits to shareholders. The higher the inflation, the more burden the company will have because goods increase causing profits to decrease causing the company value to decrease.

Based on the results of the hypothesis test, it can be seen that inflation has a negative and insignificant effect on company value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. This is in line with research Murjjani & Adiyanto (2023) which states that inflation has a negative and insignificant effect. However, the results of this study are contrary to the research Hendayana & Riyanti, (2019) which states that inflation has a positive but insignificant effect on company value. As well as research Lutfiah & Pangestuti (2023) which states that inflation has a positive effect on company value.

## CONCLUSION

From the results of the hypothesis testing (t-test), it can be concluded that Return On Equity has a positive but insignificant effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019 - 2023. Dividend Payout Ratio has no significant negative effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023. Investment Opportunity Set has a positive and significant effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019 - 2023. Inflation has an insignificant negative effect on Company Value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2019-2023.

The implication of this study suggests that companies in the food and beverage sub-sector should focus on strengthening their investment opportunities as a strategic driver to enhance firm value, while maintaining awareness of macroeconomic variables and financial indicators that, although statistically insignificant, may still influence investor perception and long-term valuation.

This research has been conducted in accordance with scientific procedures, however there are several limitations in the research consisting of research data based on the results of the Normality Test stating that the data is not normally distributed and there are time limitations on the site [www.idx.co.id](http://www.idx.co.id) so the author has to look on other sites.

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