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The Effect Of Profitability, Liquidity And Capital Structure On Company Value With Gcg As A Moderating Variable In The Fnb Sector

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Abstract

This study examines the influence of profitability, liquidity, and capital structure, with GCG as a moderating variable. The focus of this study is on food and beverage companies listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024. This study uses a quantitative method based on panel data with the Eviews 13 tool. Profitability is measured using Return on Assets (ROA), liquidity using the Current Ratio (CR), capital structure using the Debt to Earnings Ratio (DER), and firm value using Price to Book Value (PBV), and GCG using Independent Commissioners (KI). The test results reveal that profitability and capital structure have a positive impact on increasing firm value, while liquidity tends to decrease it. Interestingly, the use of GCG moderates the relationship between liquidity and firm value. However, GCG does not moderate the relationship between profitability and firm value or the relationship between capital structure and firm value.

INTRODUCTION

The primary goal of a company, especially a public company, is to improve shareholder welfare by increasing its value. According to Fama (1970), company value reflects the market's perception of the company's performance and future prospects, which is reflected in its stock price. Company value is a crucial aspect because it reflects the company's financial condition and overall performance. This aligns with Brigham and Houston (2019), who stated that company value can be used as a benchmark for management's success in managing company resources effectively and efficiently. However, fluctuating global economic conditions and intense industry competition often make it difficult for companies to maintain stable value. This phenomenon draws investors' attention to fundamental factors such as profitability, liquidity, and capital structure before making investment decisions.

Based on Signaling Theory, a high level of profitability sends a positive signal to the market that a company has bright financial prospects. Companies that are able to generate consistent profits demonstrate efficiency in managing their assets, which in turn increases demand for shares and drives up share prices. According to Kasmir (2018), good liquidity indicates that a company has sufficient capacity to meet its financial obligations on time. A liquid company is considered to have sound cash flow management, thereby reducing the risk of default. This provides a sense of security for investors and creditors, which positively contributes to market valuation. In accordance with Pecking Order Theory or Trade-Off Theory, the decision to finance through debt or equity significantly impacts a company's value. According to Modigliani and Miller (1958), under certain market conditions, capital structure can affect a company's value, especially when considering taxes and bankruptcy costs. Optimal use of debt can provide benefits in the form of tax incentives (tax shields), but excessive debt can increase the risk of bankruptcy, which can actually reduce the company's value. Although financial factors are very dominant, non-financial factors such as corporate governance also play a significant role. Good Corporate Governance (GCG) acts as a monitoring mechanism that aligns the interests of management (agent) and

shareholders (principals), in accordance with Agency Theory. The existence of strong GCG is expected to strengthen the positive influence of profitability on company value by ensuring that generated profits are not misused by management. Conversely, GCG can also mitigate the negative impact of a risky capital structure by providing strict oversight of the company's financing policies. According to the Organization for Economic Co-operation and Development (2015), good corporate governance is a system that regulates and controls a company so that it operates in accordance with the interests of its stakeholders.

In an era of increasingly transparent capital markets, GCG is no longer merely a complement but a necessity. Placing GCG as a moderating factor aims to determine whether transparency and accountability are truly capable of optimizing financial factors in creating shareholder value. This research is expected to provide a comprehensive overview for management in making strategic decisions and for investors in assessing company quality holistically, both in terms of financial figures and governance.

The reason for choosing this topic is due to differing (inconsistent) findings regarding the influence of liquidity variables. Previous research by Alifian and Susilo (2023) found a positive effect on liquidity, while research by Shofiya and Susyani (2025) found no effect. Furthermore, previous research by Nurafifah et al. (2025) found a positive effect on capital structure on firm value, in contrast to Putri and Oktariyani (2025) who found a negative effect on capital structure. Regarding the profitability variable, previous research by Pithaloka and Pandin (2024) found that profitability has a positive effect on firm value, in contrast to research by Ali and Faroji (2021), which found a negative effect on firm value. This study was conducted again using the food and beverage sector as the research object. This article consists of five sections: the first section explains the rationale for the research and the theoretical review. The second section discusses the research methods used. The third section discusses the findings. The final section discusses the conclusions and recommendations.

Hypothesis

H1: Profitability has a positive effect on firm value.
H2: Liquidity has a negative effect on firm value.
H3: Capital structure has a positive effect on firm value.
H4: Good Corporate Governance (GCG) strengthens the positive effect of profitability on firm value.
H5: Good Corporate Governance (GCG) strengthens the positive effect of liquidity on firm value.
H6: Good Corporate Governance (GCG) strengthens the positive effect of capital structure on firm value.

FRAMEWORK

METHODS

Secondary data from the annual financial reports of FnB companies identified on the IDX for the period 2020 to 2024 were utilized in this study, which applied a quantitative method approach. According to Sugiyono (2019), the quantitative method is a research method based on the philosophy of positivism used to examine specific populations or samples with the aim of testing predetermined hypotheses. In line with that, Sekaran (2016) stated that quantitative research allows researchers to explain phenomena by testing the relationship between variables using statistical analysis tools. . According to Umar (2013), secondary data is data obtained indirectly through intermediary media and is generally well documented so that it can be used for research purposes. . According to Gujarati (2012), panel data regression has the advantage of increasing the number of observations, reducing multicollinearity problems, and producing more efficient estimates. The research data was taken from the official IDX website at https://www.idx.co.id/id. The population in this study consisted of 98 companies and then selected using a purposive sampling method. The criteria used in this study included companies listed consecutively during

the study period, companies that published complete financial reports, and companies denominated in rupiah. Based on these criteria, 26 companies were selected as samples. With a five-year observation period, the total number of observational data used in this study was 130.

RESULTS AND DISCUSSION

Research Results

Descriptive Statistical Analysis

This research utilized descriptive statistical analysis to describe the nature and characteristics of the data used. The purpose of this analysis was to obtain an overview of the data distribution and trends of the general variables to be analyzed. The test results are shown below:

Table 1. Descriptive Statistical Test Results

	Y_PBV	X1_ROA	X2_CR	X3_DER	Z_GCG	ROA_GCG	CR_GCG	DER_GCG
Mean	2.927885	0.096477	3207.977	0.833938	0.433262	0.043502	1.440395	0.373153
Median	2.249500	0.085000	2128.500	0.668000	0.400000	0.034018	0.868230	0.237248
Maximum	32.78400	0.332000	13396.00	4.935000	0.800000	0.265485	8.398308	2.254044
Minimum	0.337000	-0.012000	0.738000	0.072000	0.200000	-0.003903	0.333708	0.023996
Std. Dev.	3.729320	0.059759	2746.553	0.739325	0.132482	0.040461	1.477960	0.391687
Skewness	4.911036	1.169824	1.858438	1.988059	1.373662	3.283743	2.648271	2.248772
Kurtosis	35.33686	5.067521	6.413337	9.618755	4.967958	16.54413	10.36484	8.994882
Jarque-Bera	6186.621	52.80489	137.9410	322.9277	61.86187	1227.283	445.7600	304.2352
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	380.6250	12.54200	417037.0	108.4120	56.32400	5.655282	187.2514	48.50994
Sum Sq. Dev.	1794.110	0.460680	9.73E+08	70.51155	2.264127	0.211183	281.7832	19.79098
Observations	130	130	130	130	130	130	130	130

Panel Data Regression Model Selection

Regression model selection is used to determine whether a Common Effects or Fixed Effects model is most appropriate before conducting regression testing.

Table 2. Model Selection Test

Types of Model Tests	Result	Conclusion
Chow Test (CEM or FEM)	0,0000 < 0.05	FEM
Hausman Test (FEM or REM)	0,0000 < 0,05	FEM

Classical Assumption Test

Table 3. Classical Assumption Test

Test Type	Result	Conclusion
Multicollinearity	< 0,80 yaitu 0.217, 0.054 dan 0.121	There is no multicollinearity between independent variables, meaning the data passes the multicollinearity test.
	1.509224 >1 dan 1.509224 < 3	The residual values do not show any signs of excessive autocorrelation. This means the

		data passes the autocorrelation test.
Durbin-Watson	> 0.05 yaitu 0.084, 0.604, 0.098 dan 0.728	Based on the results of the Glajser heteroscedasticity test, it is stated that the data passes the heteroscedasticity test.

Panel Data Regression Analysis

Table 4. Panel Data Regression Analysis Results

Dependent Variable: Y_PBV
Method: Panel Least Squares
Date: 03/14/26 Time: 13:27
Sample: 2020 2024
Periods included: 5
Cross-sections included: 26
Total panel (balanced) observations: 130

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.181763	2.352424	0.927453	0.3559
X1_ROA	-10.92679	5.864527	-1.863201	0.0654
X2_CR	3.37E-05	0.000134	0.250736	0.8025
X3_DER	1.177395	0.489376	2.405909	0.0180
Z_GCG	1.639538	5.085259	0.322410	0.7478

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.804111	Mean dependent var	2.927885
Adjusted R-squared	0.747303	S.D. dependent var	3.729320
S.E. of regression	1.874692	Akaike info criterion	4.293940
Sum squared resid	351.4469	Schwarz criterion	4.955678
Log likelihood	-249.1061	Hannan-Quinn criter.	4.562826
F-statistic	14.15492	Durbin-Watson stat	1.509224
Prob(F-statistic)	0.000000		

$$Y\_PBV = 2.1817631022 - 10.9267901308*X1\_ROA + 3.36913233222e-05*X2\_CR + 1.17739478634*X3\_DER + 1.63953816966*Z\_GCG$$

Based on the panel data regression test, the constant value is 2.181. If ROA, CR, DER, and GCG are 0, then PVB is 2.181. Each one-unit increase in ROA will decrease Y by 10.926. Each one-unit increase in CR will decrease Y by 3.369. Each one-unit increase in DER will decrease Y by 1.177. Each one-unit increase in GCG will decrease Y by 1.639.

1) ROA against Y has a Prob value > 0.05, namely 0.065, meaning ROA has an insignificant negative effect on variable Y.
2) CR against Y has a Prob value > 0.05, namely 0.802, meaning CR has an insignificant positive effect on variable Y.
3) DER against Y has a Prob value < 0.05, namely 0.018, meaning DER has an insignificant positive effect on variable Y.
4) GCG against Y has a Prob value > 0.05, namely 0.747, meaning GCG has an insignificant positive effect on variable Y.

The ROA, CR, DER, and GCG variables simultaneously influence PBV because the probability value (F-statistic) is less than 0.05, namely (0.000 < 0.05).

The Adjusted R-Square value is 0.74, or 74%. This indicates that the ROA, CR, DER, and GCG variables are able to explain 74% of the PBV. The remaining 26% is explained by other variables not included in the research model.

Moderated Regression Analysis (MRA) Test

Table 5. Moderated Regression Analysis (MRA) Test

Dependent Variable: Y_PBV
Method: Panel Least Squares
Date: 03/14/26 Time: 13:39
Sample: 2020 2024
Periods included: 5
Cross-sections included: 26
Total panel (balanced) observations: 130

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.637589	2.635028	-2.518982	0.0134
X1_ROA	93.46499	10.49925	8.902060	0.0000
X2_CR	-0.000158	0.000324	-0.487370	0.6271
X3_DER	2.668796	0.890799	2.995958	0.0035
Z_GCG	21.75225	6.113539	3.558045	0.0006
ROA_GCG	-229.5166	21.11392	-10.87039	0.0000
CR_GCG	0.696241	0.681490	1.021645	0.3095
DER_GCG	-4.322618	2.055410	-2.103044	0.0381

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.919735	Mean dependent var	2.927885
Adjusted R-squared	0.893256	S.D. dependent var	3.729320
S.E. of regression	1.218433	Akaike info criterion	3.447876
Sum squared resid	144.0041	Schwarz criterion	4.175789
Log likelihood	-191.1120	Hannan-Quinn criter.	3.743652
F-statistic	34.73433	Durbin-Watson stat	2.489116
Prob(F-statistic)	0.000000		

• Based on the MRA test results, the interaction between the ROA and GCG variables has a Prob value of 0.000 < 0.05, meaning that the GCG variable is able to moderate ROA against PBV.
• Based on the MRA test results, the interaction between the CR variable and GCG has a Prob value of 0.309 > 0.05, meaning that the GCG variable is unable to moderate CR on PBV.
• Based on the MRA test results, the interaction of the DER variable with GCG has a Prob value of 0.038 < 0.05, meaning that the GCG variable is able to moderate DER on PBV.

REM Model

Dependent Variable: Y_PBV
Method: Panel EGLS (Cross-section random effects)
Date: 03/14/26 Time: 13:34
Sample: 2020 2024
Periods included: 5
Cross-sections included: 26
Total panel (balanced) observations: 130
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.242542	1.294061	-0.960188	0.3388
X1_ROA	10.31784	4.674103	2.207447	0.0291
X2_CR	1.53E-05	0.000110	0.139337	0.8894
X3_DER	1.461994	0.416369	3.511298	0.0006
Z_GCG	4.400488	2.565246	1.715425	0.0887
	Effects Specification			
			S.D.	Rho
Cross-section random			1.660439	0.4396
Idiosyncratic random			1.874692	0.5604
	Weighted Statistics			
R-squared	0.123535	Mean dependent var		1.319665
Adjusted R-squared	0.095488	S.D. dependent var		2.305517
S.E. of regression	2.192681	Sum squared resid		600.9812
F-statistic	4.404598	Durbin-Watson stat		0.893106
Prob(F-statistic)	0.002299			
	Unweighted Statistics			
R-squared	0.246351	Mean dependent var		2.927885
Sum squared resid	1352.129	Durbin-Watson stat		0.396959

Discussion

The Effect of Profitability on Firm Value

The test results in Table 5 show that the Moderated Regression Analysis shows a coefficient of 93.46499 for profitability. This result indicates that profitability has a significant impact on firm value. In other words, the greater the profitability, the higher the firm value. This result supports the research hypothesis that profitability influences firm value. This finding aligns with the research by Dewantari et al. (2019), which found that profitability has a positive effect on firm value. Therefore, a company's profitability will positively impact its value.

The Effect of Liquidity on Firm Value

Based on the results of the Moderated Regression Analysis in Table 5, the coefficient for liquidity is -0.000158. This result indicates that liquidity has a negative and significant effect on firm value. This finding aligns with research by Permana and Rahyuda (2019), which found that liquidity has a significant negative effect on firm value.

The Effect of Capital Structure on Firm Value

According to the results in Table 5, using Moderated Regression Analysis, the coefficient value is 2.668796. Therefore, it can be concluded that capital structure plays a significant role in firm value. These results align with research by Dewi et al. (2014) and Rumondor et al. (2015), which empirically proves that capital structure has a positive effect on firm value.

The Effect of GCG in Moderating Profitability on Firm Value

The results of the Moderated Regression Analysis in Table 5 show that the moderating effect of GCG on profitability on firm value has a coefficient of -229.5166. This result indicates that GCG has a significant negative impact. Therefore, it can be concluded that GCG cannot moderate the effect of profitability on firm value. This is in line with research conducted by Putri and

Wirajaya (2017), which stated that Good Corporate Governance (GCG) does not moderate the effect of profitability on firm value.

The Effect of GCG in Moderating Liquidity on Firm Value

The Moderation Regression Analysis test in Table 5 shows that the effect of GCG in moderating liquidity on firm value has a positive impact with a coefficient value of 0.686241. This result indicates that GCG is able to moderate the relationship between liquidity and firm value. This aligns with empirical findings from Kusumaningrum & Nugroho (2019) and Asyik et al. (2024), which consistently demonstrate that GCG has a positive and significant influence on firm value in the context of liquidity.

The Effect of GCG in Moderating Capital Structure on Firm Value

According to the results of the Moderation Regression Analysis test, shown in Table 5, GCG has a negative impact with a coefficient value of -4.322618. This indicates that GCG does not have the ability to moderate capital structure on firm value. This study's results are similar to those of Noviani et al. (2019), which showed that GCG cannot moderate the relationship between capital structure and firm value.

CONCLUSION

Using companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2024, this research shows that profitability and capital structure positively influence firm value, but inversely influence liquidity. From a moderating perspective, Good Corporate Governance (GCG) has been shown to strengthen the influence of liquidity on firm value, although it fails to moderate the impact of profitability or capital structure on firm value. For further development, it is recommended that future researchers expand the sector coverage, extend the research period to future years, and integrate new variables and analytical methods not utilized by the current study to obtain a more comprehensive picture.

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