

The Effect of Firm Size, Firm Age, and Profitability on Firm Value in Food and Beverages Companies Listed On The Indonesia Stock Exchange For The Period 2024

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ABSTRACT

This study aims to analyze the impact of firm size, firm age, and profitability on firm value in the Food and Beverages company listed on the Indonesia Stock Exchange (IDX) during the 2024 period. The method used is quantitative using secondary data from the company's financial statements. The population in this study was a Food and Beverages company listed on the Indonesia Stock Exchange. The sampling technique used is the simple random sampling method and 79 samples are obtained. The analysis technique applied is multiple linear regression using the Statistical Package for Social Science (SPSS) version 23. The results show that the firm size, firm age and profitability have a significant effect on the value of company Food and Beverages. The firm size has a positive positive effect on the firm's value, the company's age negatively has a significant negative effect on the company's value, while profitability has a significant positive effect on the company's value.

Keywords: *Firm Size; Firm Age; Profitability; Firm Values*

INTRODUCTION

A company's primary goal in operating is to generate profit. In an increasingly competitive environment, businesses are required to devise appropriate strategies to maintain competitiveness and survive amidst the rise of new companies. According to a 2020 report from the Ministry of Industry, the food and beverage industry contributes significantly to Indonesia's economic growth.

Based on information published on the Kontan website (accessed on May 2, 2024) with the title "Indofood's (INDF) Net Profit Drops by 36% in Q1-2024, Here's the Cause" it is known that PT Indofood Sukses Makmur Tbk (INDF), as one of the oldest food and beverage companies in Indonesia, experienced a decline in net profit margins. This decline occurred despite increasing company revenue. Rising raw material prices have put pressure on the company's profit level, resulting in a decline in profitability. This situation indicates that a company's long existence does not necessarily guarantee an increase in firm value, especially if the ability to maintain profitability is hampered.

Observations indicate a discrepancy between empirical conditions and theory regarding the factors influencing firm value. In 2024, PT Wilmar Cahaya Indonesia Tbk (CEKA) and PT Indofood CBP Sukses Makmur Tbk (ICBP) experienced an increase in firm size to 28,50 and 32,47, respectively, but both experienced a decrease in firm value, as reflected in the PBV ratio, which was 0,65 for CEKA and 1,98 for ICBP. This suggests that larger companies do not always have higher valuations.

Then, in 2024, PT Delta Djakarta Tbk's (DLTA) performance for the firm age variable increased to 92, but its PBV decreased by 2.03. In theory, the longer a company has been established,

the higher its level of investor confidence, as it is perceived to have a strong track record, experience, and business sustainability. However, in this case, long-standing establishment does not guarantee a high firm value in the eyes of investors.

Meanwhile, at PT Akasha Wira International Tbk (ADES), profitability increased, as indicated by a 0,20 increase in ROA in 2024, but PBV decreased to 2,37. This situation contradicts the theoretical view that increased profitability should be accompanied by an increase in firm value, as reflected in the Price-to-Book Value (PBV) ratio.

Overall, these findings indicate that in practice, increases in firm size, age, or profitability do not always translate into increases in firm value. It can be concluded that companies need to optimize their value. Corporate valuation represents the total ownership of assets and economic resources, including financial components such as securities or capital market instruments, which serve as a primary parameter in evaluating a company's standing and prospects according to investor perceptions and market dynamics. Furthermore, firm value also reflects investors' estimated price if the company were to be released or traded on the market.

Several studies, including those by (Muzayin & Trisnawati, 2022), show that firm size, age, and profitability significantly influence firm value. Meanwhile, research by (Hasan & Meidiyustiani, 2023) indicates that evaluation findings indicate that profitability and age have a significant positive correlation with increasing firm value. Conversely, firm size has no effect on firm value, according to the findings.

Referring to the description and dynamics described above, this empirical inconsistency creates a research gap, necessitating further analysis specifically in the context of food and beverage companies in the 2024 period. Therefore, researchers were motivated to conduct further research through a study entitled “The Effect of Firm Size, Firm Age, and Profitability on Firm Value in Food and Beverages Companies Listed On The Indonesia Stock Exchange For The Period 2024”. Based on the background description of the research above, the author present several problem identifications as follows :

1. Does Firm Size have a significant positive effect on firm value in Food and Beverage companies listed on the Indonesia Stock Exchange in 2024?
2. Does Firm Age have a significant positive effect on firm value in Food and Beverage companies listed on the Indonesia Stock Exchange in 2024?
3. Does Profitability have a significant positive effect on firm value in Food and Beverage companies listed on the Indonesia Stock Exchange in 2024
4. Do Firm Size, Firm Age, and Profitability collectively have a significant positive effect on firm value in Food and Beverage companies listed on the Indonesia Stock Exchange in 2024?

LITERATURE REVIEW

Firm Size

According to Sugiarto (2016), company size is typically determined by market capitalization, which is calculated by applying the natural logarithm to the company's total assets. This approach is used to reduce the complexity of asset values, which tend to be large, thus facilitating comparisons between business entities in a more proportional and analytical manner. It is formulated as follows:

$$Ukuran\ Perusahaan\ (Firm\ Size) = Ln\ Total\ Assets$$

Firm Age

According to Hamdani (2020), firm age is the length of time from its inception to an indefinite future. Business entities that have been operating for a longer period generally have a

richer accumulation of organizational knowledge and managerial experience than companies that are still in their early stages of establishment. Firm age is defined as follows:

$$UP = Tahun\ Penelitian - Tahun\ Perusahaan\ Berdiri$$

Profitability

According to Wati (2019:27), the profitability ratio serves as an analytical instrument to assess a business entity's ability to generate profits, based on variables such as sales level, total assets controlled, and equity. This ratio reflects the level of efficiency and effectiveness of a company's resource management in achieving optimal financial results. Profitability is defined as follows:

$$ROA = \frac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Aset}$$

Firm Value

According to Hery (2017:5), the value of a business entity reflects the accumulated achievements and reputation the company has consistently built, as a result of public trust garnered from its inception to its current operational period. This value serves as an indicator of how the public assesses the company's credibility, performance, and long-term sustainability. The following is the Price to Book Value (PBV) formula:

$$Price\ to\ Book\ Value\ (PBV) = \frac{Harga\ Saham}{Nilai\ Buku\ Saham}$$

$$Nilai\ Buku\ Saham = \frac{Total\ Ekuitas}{Jumlah\ Saham\ Beredar}$$

The effect of Firm Size on Firm Value

Company size is determined by the accumulation of assets controlled and the classification of the business entity's operational capacity, reflecting the relative scale of its operations. Larger companies tend to be more attractive to investors due to their perceived operational stability. This stability drives investment interest, ultimately contributing to an increase in the company's stock value on the capital market.

Firm size influences firm value, with larger companies tending to have higher values. Kasmir (2020) found that a company's total assets reflect the size of its organizational structure, which also represents its operational capacity and stability in attracting investors. Several studies, such as those by Dewantari, Cipta, & Susila (2019), demonstrated a positive effect of firm size on firm value.

The effect of Firm Age on Firm Value

The long-term operational sustainability of a company reflects the company's ability to continue to exist amidst market competition and to be able to take advantage of business opportunities available in the economic system.

Based on signaling theory, firm age is a positive signal for prospective investors because it demonstrates the company's ability to survive. Longer firm age often reflects accumulated experience, operational stability, and a well-established reputation in the market. This contributes to increased investor confidence, as long-established companies tend to have stronger asset structures and the ability to generate more consistent revenue and profits. Therefore, the longer a company has been operating, the greater its potential value and credibility in the eyes of stakeholders (Muzayin

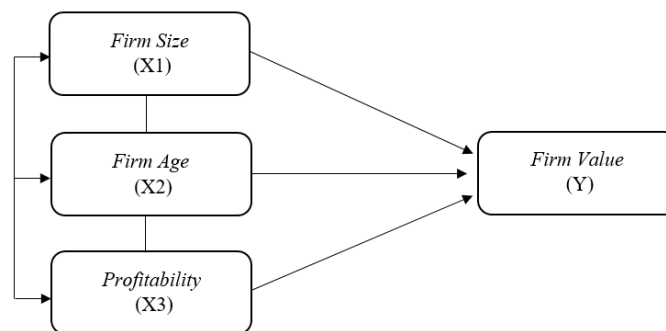
& Trisnawati, 2022). Several studies in the journal Fadila, Wahyuni, & Aldiyansa (2023) show that firm age has a positive effect on firm value, the longer a company operates, the higher its value.

The effect of Profitability on Firm Value

The increase in firm value is generally correlated with the amount of profit achieved, given that high profitability is a key indicator of potential growth and business sustainability. This situation encourages investor interest in stock accumulation, which simultaneously strengthens the company's image and position in the capital market ecosystem. Research by Hidayat & Khotimah (2022) shows that high profitability has a significant and positive impact on firm value.

Framework of Thought and Paradigm

Based on the description of the previous framework of thought, a research paradigm can be formulated that describes the relationship between independent variables and dependent variables as follows:



Hypothesis

Based on the theories reviewed by author, the following are the research hypothesis, which provide tentative answer to the research results:

1. H1 : Firm size has a positive and significant effect on firm value
2. H2 : Firm age has a positive and significant effect on firm value
3. H3 : Profitability has a positive and significant effect on firm value
4. H4 : *Firm size*, firm age, and profitability has a positive and significant effect on firm value

RESEARCH METHODS

This research uses quantitative methods. The population is food and beverage companies listed on the Indonesia Stock Exchange in 2024. The sampling method used in this study was simple random sampling with the Yamane formula, resulting in 79 sample companies. The analysis method used is multiple linear regression analysis. The equation can be written as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information

| | |
|----------|---------------------------|
| Y | = Firm Value |
| α | = Intercept atau constant |
| β | = Regression coefficient |
| X_1 | = Firm Size |
| X_2 | = Firm Age |
| X_3 | = Profitability |

RESEARCH RESULTS AND DISCUSSION

The following are the results of descriptive statistical tests of firm size, firm age, and profitability.

Table 1. Descriptive Analysis Test Results

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|----|---------|---------|---------|----------------|
| FIRM SIZE | 79 | 25.01 | 32.94 | 28.4099 | 1.86589 |
| UMUR PERUSAHAAN | 79 | 5 | 118 | 33.44 | 21.871 |
| PROFITABILITAS | 79 | -.20 | .33 | .0564 | .08294 |
| NILAI PERUSAHAAN | 79 | .00 | 10.16 | 1.9379 | 1.87440 |
| Valid N (listwise) | 79 | | | | |

The descriptive analysis results show that the Firm Size and Firm Age variables in Food and Beverages companies in 2024 have a relatively even data distribution, indicated by a mean value greater than the standard deviation. This indicates that the data for both variables do not deviate significantly from their central value. Conversely, the Profitability variable exhibits the opposite condition, with the mean being smaller than the standard deviation. This finding indicates significant differences between companies in generating profitability, resulting in an uneven data distribution.

Multiple Linear Regression Results

Table 2. Multiple Linear Regression Results

| Model | | Unstandardized Coefficients | | t | Sig. |
|-------|-----------------|-----------------------------|------------|-------|------|
| | | B | Std. Error | | |
| 1 | (Constant) | 1.191 | 3.292 | .362 | .719 |
| | FIRM SIZE | .014 | .120 | .116 | .908 |
| | UMUR PERUSAHAAN | -.003 | .010 | -.318 | .752 |
| | PROFITABILITAS | 8.126 | 2.649 | 3.067 | .003 |

Source : Output results SPSS 23, 2025

From the table above, the multiple linear regression test can obtain the following equation:

$$Y = 1,191 + 0,014 X_1 - 0,003 X_2 + 8,126 X_3 + e$$

Information :

- Y = Firm values
- X₁ = Firm Size
- X₂ = Firm age
- X₃ = Profitability
- e = Error

Classical Assumption Test Results

The results of the one sample kolmogorov-smirnov test show a significance value of 0,098 which is greater than the significance value of 0,05 thus indicating that the data is normally distributed. Regarding the multicollinearity test, it shows that the tolerance value of all independent variable is >0,10 and the VIF value is <10, this indicates that there are no symptoms of multicollinearity. Furthermore, the autocorrelation test is in the range of $-du \leq d \leq 4 - du$ ($1,7141 < 1,725 < 2,2859$), this result means there is no positive or negative autocorrelation, meaning that all variables are free from autocorrelation problems. The last test is the heteroscedasticity test using a plot graph which shows that there is no heteroscedasticity in the regression model because the points are spread randomly on the Y axis.

t-Test Results

Table 3. t-Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-----------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.191 | 3.292 | | .362 | .719 |
| | FIRM SIZE | .014 | .120 | .014 | .116 | .908 |
| | UMUR PERUSAHAAN | -.003 | .010 | -.037 | -.318 | .752 |
| | PROFITABILITAS | 8.126 | 2.649 | .360 | 3.067 | .003 |
| | | | | | | |

- Based on the regression estimation results, the firm size variable shows a coefficient value of 0,014 with a positive direction, with a calculated t value of 0,116 < t table of 1.9921 and a significance value of 0,908 greater than 0,05, it can be concluded that Firm size has a positive but insignificant effect on firm value. This indicates that Ho is accepted and H1 is rejected.
- Based on the regression estimation results, the firm age variable shows a coefficient value of -0,003 with a negative direction with a calculated t value of -0,318 < t table, namely 1,9921, a significance value of 0,752 greater than 0,05. Therefore, it can be concluded that firm age has a negative but insignificant effect on firm value. This indicates that Ho is accepted and H2 is rejected.
- Based on the regression estimation results, the profitability variable shows a coefficient value of 8,126 with a positive direction with a calculated t value of 2,649 > t table of 1,9921 and a significance value of 0,003, smaller than 0,05. Therefore, it can be concluded that profitability has a significant positive effect on firm value. This indicates that Ho is rejected and H3 is accepted.

F-Test Results

Table 4. F-Test Results

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|-------|-------------------|
| Regression | 34.569 | 3 | 11.523 | 3.609 | .017 ^b |
| Residual | 239.473 | 75 | 3.193 | | |
| Total | 274.042 | 78 | | | |

In the table 4, it shows the F value of 3,609 with a significance 0,017 or less than 0,05. The comparison between F_{count} dan F_{table} shows that F_{count} is 3,609 while F_{table} is 2,73. From these results, it shows that $F_{count} > F_{table}$ namely $3,609 > 2,73$. Thus, it can be concluded that firm size, firm age, and profitability jointly influence firm value, which means Ho is rejected and Ha is accepted.

Coefficient of Determination Results

Table 5. Coefficient of Determination Results

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .355 ^a | .126 | .091 | 1.78689 | 1.725 |

The adjusted R-squared value was 0.091, equivalent to 9.1%. This indicates that firm size, firm age, and profitability influence firm value by 9.1%, while other variables unrelated to the study have a 90.9% influence on firm value.

Discussions

The effect of Firm Size on Firm Value

The results of testing the first hypothesis (H1) indicate that firm size has a positive but insignificant effect on firm value. Although the coefficient indicates a positive direction, the t-value is lower than the t-table, at $0.116 < 1.9921$, and the significance level of 0.908 is well above 0.05. Thus, the alternative hypothesis (Ha) is rejected and the null hypothesis (Ho) is accepted. This finding confirms that asset size does not automatically improve market perception or a company's ability to create value for investors (Kasmir, 2020).

These results align with research by (Indriyani, 2017) and (Safaruddin & Nurdin, 2023), which also found that firm size had no significant effect on firm value. However, these findings differ from research by (Zahara & Harahap, 2022), which showed a significant positive effect of firm size on firm value.

The effect of Firm Age on Firm Value

The results of testing the second hypothesis (H2) indicate that firm age has a negative but insignificant effect on firm value. The t-value is lower than the t-table, at $-0.318 < 1.9921$, and the significance level of 0.752 is far above 0.05. Thus, the alternative hypothesis (Ha) is rejected and the null hypothesis (Ho) is accepted. This finding confirms that the length of a company's operation is not a major factor in the formation of firm value in Food and Beverage companies listed on the Indonesia Stock Exchange.

This research aligns with research conducted by (Anjeli et al., 2024) and (Sakinah & Nurhadi, 2023), which found that firm age has no significant effect on firm value. However, this finding differs from research by (Hasan & Meidiyustiani, 2023) and (Muzayin & Trisnawati, 2022), which found a positive effect of firm age on firm value.

The effect of Profitability on Firm Value

The results of testing the third hypothesis (H3) indicate that profitability has a positive and significant effect on firm value. The t-value is greater than the t-table, at $2.649 > 1.9921$, and the significance level is $0.003 < 0.05$, confirming that the company's ability to generate profits significantly contributes to increasing firm value. Therefore, the alternative hypothesis (Ha) is accepted, and the null hypothesis (Ho) is rejected.

These findings indicate that profitability is an important indicator for investors in assessing a company's operational health and prospects. Companies capable of generating high profits are considered to have efficient asset management, product competitiveness, and sound cost management, thus fostering market confidence (Brigham & Houston, 2022).

These research results are consistent with research by (Kusumaningrum & Iswara, 2022) and (Muzayin & Trisnawati, 2022) which also found that profitability positively influences firm value. However, this finding differs from research by (Savitri & Kurniasari, 2021) and (Ananda & Lisiantara, 2022) which stated that profitability does not have a significant effect on company value.

The effect of Firm Size, Firm Age, and Profitability on Firm Value

The results of testing the fourth hypothesis (H4) indicate that firm size, firm age, and profitability simultaneously have a significant effect on firm value. The F-value, which is greater than the F-table value of $3.609 > 2.73$, and a significance level of $0.017 < 0.05$, confirms that the three variables collectively contribute significantly to explaining variations in firm value in the Food and Beverages sector listed on the Indonesia Stock Exchange.

This study aligns with those of (Muzayin & Trisnawati, 2022) and (Salsa & Nugraha, 2022), which also state that firm size, firm age, and profitability simultaneously have a significant effect on firm value. However, this result differs from that of (Sakinah & Nurhadi, 2023), which found that these three variables did not have a significant simultaneous effect.

CONCLUSIONS AND SUGGESTIONS

Based on the research results and discussions presented in the previous section, the following conclusions can be drawn:

1. Firm size has a positive but insignificant effect on firm value. This is evidenced by the results of the partial test analysis (t-test), which obtained a calculated t-value of $0,116 < t$ -table of 1,9921 and a significance value of $0,908 > 0,05$.
2. Firm age has a negative but insignificant effect on firm value. This is evidenced by the results of the partial test analysis (t-test), which obtained a calculated t value of $-0,318 < t$ table of 1,9921 and a significance value of $0,752 > 0,05$.
3. Profitability has a significant positive effect on firm value. This is evidenced by the results of the partial test analysis (t-test), which obtained a calculated t value of $2,649 > t$ table of 1,9921 and a significance value of $0,003 < 0,05$.
4. Firm size, company age, and profitability simultaneously have a significant effect on company value. This result is proven by the simultaneous test (F test) with a comparison between the calculated F_{value} of 3,609 and the F_{table} of 2,73, meaning the calculated F is greater than the F_{table} , with a significance value of $0,017 < 0,05$.

Based on the calculation of the coefficient of determination (Adjusted R Square) of 0,091, equivalent to 9,1%. The contribution of the variables firm size, company age, and profitability to firm value was recorded at 9,1%, based on the Adjusted R Square value. Meanwhile, the remaining 90,9% is influenced by other factors outside the scope of this study, which are not included in the analysis model.

Based on the results of the research and discussions presented in the previous sections, the following suggestions can be provided:

1. For Companies
 - a. Optimize profitability through production cost efficiency and utilize technology to improve business performance.
 - b. Improve the quality of financial reporting disclosure to strengthen investor confidence and increase market valuation.
2. For Investors
 - a. Prioritize profitability indicators such as ROA, ROE, and Net Profit Margin in investment decision-making, as these factors have been shown to strongly influence company value.
 - b. Monitor developments in global raw material prices and industry conditions, as the food and beverage industry is highly sensitive to changes in production costs.
3. For Researchers
 - a. Add other variables such as leverage, liquidity, good corporate governance, or market risk to make the research model more comprehensive.
 - b. Expand the research scope to other industrial sectors to compare the consistency of results across different business characteristics.

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