



The Effect of Current Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets on Firm Value

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ABSTRACT

In this study, we will look at the food and beverage subsector companies listed on the Indonesia Stock Exchange for the period of 2023–2024 to see how the Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), and Return on Assets (ROA) affect company value, as measured by Tobin's Q. Using secondary data culled from company financial filings, this study employs a quantitative technique. The research sample consisted of 61 firms selected through deliberate sampling. Multiple linear regression using SPSS was the analytical approach employed. It turns out that four metrics Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and Total Asset Turnover (TATO) have a major impact on company value simultaneously. However, the partial test results indicate that ROA is the only ratio that significantly affects company value; CR, DER, and TATO have no such effect.

Contribution to Sustainable Development Goals (SDGs):

SDG 8: Decent Work and Economic Growth

SDG 9: Industry, Innovation and Infrastructure

SDG 12: Responsible Consumption and Production

SDG 16: Peace, Justice and Strong Institutions

1. INTRODUCTION

1.1. Research Background

With a growth rate of 5.03%, Indonesia's economy experienced stable growth in 2024 [1]. One of the industries propelling this achievement is the food and beverage sector, which makes a substantial contribution to the non-oil and gas processing industry. This industry even contributes 40.17% of the industry's GDP, according to the Ministry of Industry, making it a significant engine of the nation's economy. [2]. This situation indicates that the food and beverage industry has strong prospects and is a strategic sector in supporting economic stability.

The food and beverage sector also demonstrates resilience through high growth and investment. This sector's growth reached 5.53% and contributed significantly to national GDP [3]. High investor interest is reflected in total investment, which reached IDR 110.57 trillion in 2024 [4]. The substantial inflow of funds and investment indicates the market's trust in the food and

beverage sector, which should, in theory, increase the company's worth.

Higher business value, however, does not always follow from significant growth and investment. A company's worth reflects investors' perceptions of its potential and future success. [5]. Tobin's Q is used to evaluate firm value in this study because it provides a more complete picture by accounting for both market value and corporate assets [6]. Tobin's Q is considered relevant because it accounts for market expectations about a company's potential to create future value.

The choice of the food and beverage subsector for the year 2023–2024 provides a unique framework for analyzing the factors that influence company value. Following the post-pandemic economic recovery, companies faced changing market conditions characterized by shifting consumer demand, inflationary pressures, supply chain adjustments, and increasing investor scrutiny regarding corporate performance. Despite being one of the most resilient and fastest-growing manufacturing subsectors in Indonesia, fluctuations in firm value among food and beverage companies indicate that strong industry growth does not automatically translate into higher market valuation.

Therefore, it is important to investigate whether financial performance indicators such as liquidity, leverage, asset utilization efficiency, and profitability continue to serve as significant signals for investors in the post-pandemic business environment.

Many previous studies have made considerable use of Tobin's Q as a measure of company value. Using Tobin's Q, Felix and Lusy [7] showed that in the consumer goods sector, the current ratio significantly affects company value. Further research by Dwiastuti and Dillak [8], which used Tobin's Q as a measure of company value, found that ROA significantly affected firm value, whereas DTEQ had no influence. Meanwhile, using Tobin's Q as a proxy, Arrafi [6] demonstrates that the Debt-to-Equity Ratio affects company value. All of this points to the importance of Tobin's Q in capturing the market's view of a company's financial health.

Financial performance indicators, such as the Current Ratio (CR), Debt-to-Equity Ratio (DER), Total Asset Turnover (TATO), and Return on Assets (ROA), have a significant influence on a company's value. The current ratio is a measure of a company's liquidity that shows how well its current assets can cover its short-term debts. This ratio shows how well a company can pay off its current debts. According to Kasmir [9], investors may have greater confidence in a company's stability if it has strong liquidity. The Debt-to-Equity Ratio, on the other hand, is a leverage ratio that evaluates a firm's funding mix by comparing its total debt to its total equity. A low DER indicates better security for creditors, whereas a high DER indicates greater reliance on debt and may increase the company's risk. Investors' valuations of a firm are thus affected by its capital structure.

A company's worth is affected by a number of things, including its liquidity, leverage ratio, profit-making capacity, and asset utilization efficiency. An activity ratio that measures a company's ability to generate income from its assets is total asset turnover (TATO). It asserts that better asset management is indicated by a greater TATO. This kind of efficiency indicates that the company is profitable, which investors like to see. Conversely, ROA indicates how successful a corporation is when it uses all of its assets [9]. This ratio shows the efficiency with which the company's assets and capital have been utilized to produce profits. A high return on assets (ROA) indicates successful operations, which can pique investors' interest and affect the firm's value.

Several previous studies have reported contradictory results regarding the effect of financial measures on firm value, as evaluated by PBV and Tobin's Q. The importance of ROA, CR, and DER for energy company value was found by Alifian and Susilo [10]. Saragih et al [11] showed that in the basic industries and chemical sectors, only ROA had a substantial impact, whereas TATO and DER had no effect. Additionally, Putri et al. [12] discovered that in food and beverage industries, DER had a substantial impact whereas ROA and TATO did not. However, Hulasoh and Mulyati [13] discovered that TATO had a substantial impact on company value in the real estate and property industry. Additionally, Tarof and Rahmawati [14] demonstrated that whereas ROA had DER had an influence on firm value as determined by Tobin's Q, but it had no effect on LQ-45 index enterprises. Wahid et al. [15] demonstrated that DER had a substantial impact on FMCG businesses while CR did not, whereas Felix and Lusy [7] found that CR had a significant impact on company value.

In light of conflicting findings from previous studies and unique characteristics of the post-pandemic economic climate, this research seeks to determine the effect of current ratios, debt-to-equity ratios, total asset turnover, and return on assets on the firm value of food and beverage companies listed on the Indonesia Stock Exchange in the years 2023 and 2024. In one of Indonesia's most vital industrial sectors, this research provides empirical evidence on the factors affecting company value. This research contributes to the existing body of knowledge in three ways: To begin with, it provides the most recent empirical evidence on the relationship between firm value and the following ratios: current ratio, debt-to-equity ratio, total asset turnover, and return on assets. Second, it focuses solely on food and beverage businesses, a crucial industry for Indonesia's economic expansion and a major target for investment. Third, by employing *Tobin's Q* as a proxy, this study captures market expectations regarding future performance, offering a more nuanced assessment of how investors react to corporate financial conditions in the contemporary economic landscape.

1.2. Literature Review

1.2.1. Signaling Theory

An information asymmetry exists because, according to Signaling Theory, insiders have a better grasp of a company's finances than outside investors. Managers use business reports and financial statements to reveal financial information and reduce information asymmetry. These disclosures serve as signals that help investors evaluate firm quality and future performance, thereby influencing investment decisions and market valuations [16].

Signaling Theory further argues that investors respond to signals only when the disclosed information is considered relevant and credible. Positive financial signals strengthen investor confidence and increase market demand for the company's stock, which will eventually increase the firm's value. Negative signals, on the other hand, diminish market valuation and investor confidence. Therefore, rather than just reflecting the company's accounting performance, firm value also represents how the market interprets the financial information the company discloses [16].

The primary theoretical basis of this research is Signaling Theory, which explains why financial ratios are used as observable indications of a company's financial status. Total asset turnover shows how efficiently a company uses its assets; current ratio shows how liquid the company is in the short term; debt-to-equity shows how risky the company is financially; and return on assets shows how well the company can make money off its assets. When investors see these financial indicators as indicators of future company prospects, the market reacts by determining the firm's value using Tobin's Q. Therefore, Signaling Theory provides an appropriate theoretical framework for examining how ROA, TAT, Debt to Equity, and Current Ratio affect the value of a firm.

1.2.2. Trade-Off Theory

Trade-Off Theory posits that firms determine their capital structure by balancing the benefits and costs of debt financing [16], [17]. The use of debt provides tax advantages because interest payments are tax-deductible, allowing firms to increase their value through tax shields [16]. However, excessive reliance on debt increases the likelihood of financial distress, bankruptcy

costs, and agency costs, which may offset the benefits of debt financing and ultimately reduce firm value [16], [17]. Therefore, an optimal capital structure exists when the marginal benefits of debt are equal to its marginal costs.

Trade-Off Theory further suggests that the relationship between leverage and firm value depends on whether a firm's debt level remains within its optimal range [17]. A moderate level of leverage may be interpreted positively because it indicates that management utilizes external financing efficiently to support business operations and future growth. In contrast, excessive leverage increases financial risk and raises concerns regarding the firm's ability to meet its financial obligations, thereby reducing investors' confidence and market valuation [17].

This study adopts Trade-Off Theory as the theoretical foundation for explaining the relationship between the Debt-to-Equity Ratio and firm value. The Debt-to-Equity Ratio reflects the proportion of debt financing relative to shareholders' equity and serves as an indicator of the firm's capital structure. Investors evaluate this ratio to assess the financial risk associated with the firm's financing decisions. Consequently, the market's assessment of the firm's leverage position is reflected in firm value as measured by Tobin's Q [16][17].

1.2.3. Research Hypotheses Development

1.2.3.1 Current Ratio and Firm Value

According to signaling theory, the current ratio indicates a company's capacity to fulfill its immediate responsibilities. Strong financial stability and a reduced default risk are indicated by increased liquidity levels. A good signal like this boosts investor confidence, raises demand for the company's shares, and eventually raises the firm's value [16].

The link between the current ratio and business value has been the subject of conflicting conclusions in earlier empirical research. According to one study, the current ratio significantly and favorably affects business value [17]. On the other hand, another study found that business value is not significantly affected by the current ratio [18]. Another study found similar results, concluding that the current ratio had no discernible impact on company value [19].

These contradictory results indicate that the impact of the current ratio on company value remains unclear and warrants further research, especially for logistics and transportation firms listed on the Indonesia Stock Exchange.

H1. Current Ratio positively affects Firm Value.

1.2.3.2 Debt to Equity Ratio and Firm Value

The Signalling Theory states that the Debt to Equity Ratio may be used to derive a company's financing decisions and financial risk. When the debt level is optimal, debt financing enhances corporate value through tax shield advantages, according to Trade-Off Theory [20]. But because of the increased likelihood of bankruptcy and the costs associated with financial instability, a company's value drops when leverage is high.

Previous studies have reported contradictory findings regarding the relationship between the Debt-to-Equity Ratio and a company's value. According to several studies, the Debt-to-Equity Ratio significantly affects a company's value [20][18]. Alternatively, another study found that excessive leverage reduces company value [21].

Given these conflicting findings, it is clear that further investigation into the correlation between the Debt-to-Equity Ratio and company value among Indonesia Stock Exchange-listed transport and logistics companies is warranted.

H2. The Debt-to-Equity Ratio affects Firm Value.

1.2.3.3 Total Asset Turnover and Firm Value

Total Asset Turnover is a measure of a company's efficiency in turning its assets into revenues, as stated in Signaling Theory. A higher asset turnover ratio indicates effective operational performance and efficient asset management. Investors will likely see this data as an indication of the company's bright future prospects, which might lead to a rise in the firm's value [22].

Previous empirical research has also reached contradictory results about the effect of total asset turnover on company value. One study found that total asset turnover positively affected company value [23]. Another study found that total asset turnover significantly affects company value. Total asset turnover did not appear to affect firm value in any significant way, according to another research [24].

More empirical study is needed to clarify the connection between total asset turnover and business value in logistics and transportation enterprises listed on the Indonesia Stock Exchange, as shown by these contradictory results.

H3. Total Asset Turnover affects Firm Value.

1.2.3.4 Return on Assets and Firm Value

According to signalling theory, one of the most significant financial indicators investors consider when assessing a company's future prospects is profitability. The ability of management to produce profits from total assets is reflected in return on assets. Increased profitability boosts investor confidence and corporate value by indicating effective use of resources and more promising future growth prospects [22].

A previous empirical study found a favorable correlation between return on assets and firm value. Based on several studies, return on assets significantly affects company value [17][25][21].

Because of differences in study objectives, observation periods, and industry characteristics, further research is needed to establish a relationship between Return on Assets and firm value among transport and logistics firms listed on the Indonesia Stock Exchange.

H4. Return on Assets affects Firm Value.

1.2.4. Conceptual Framework

The conceptual foundation of this study is based on Signaling Theory, with Trade-Off Theory providing support. Financial data disclosed by corporations serves as a signal to investors, allowing them to evaluate the company's performance and future prospects, according to signaling theory. The current ratio, debt to equity ratio, total asset turnover, and return on assets, are the financial indicators that are used in this research to reflect liquidity, capital structure, asset utilization efficiency, and profitability. Investors use these signals to gauge a company's quality, and Tobin's Q measures how much those investors are willing to pay for a business.

The theoretical foundation is improved by Trade-Off Theory, which clarifies the relationship between capital structure and company value. Companies can increase their firm value through tax shield benefits when they maintain an appropriate level of

leverage, according to the theory. However, the firm's value can decline if its debt levels are too high, increasing the risk of bankruptcy and financial difficulties. Consequently, the study concludes that the following ratios Current, Debt to Equity, Total Asset Turnover, and Return on Assets have an impact on the firm value of transport and logistics companies listed on the Indonesia Stock Exchange. Fig. 1 presents the conceptual framework that illustrates these linkages.

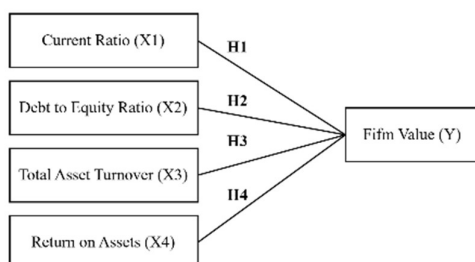


Fig. 1. Conceptual framework for the research.

1.2.5. Hypothesis

Based on theoretical construct and relation ship among dimension can be formulated of research hypothesis as follow:

H1: Current Ratio has an effect on Firm Value

H2: Debt to Equity Ratio has an effect on Firm Value

H3: Total Asset Turn Over has an effect on Firm Value

H4: Return on Assets has an effect on Firm Value

1.3. Research Objective

Companies listed on the Indonesia Stock Exchange in the food and beverage subsector for the year 2023–2024 will have their valuations analyzed using the following metrics: current ratio, debt to equity ratio, total asset turnover, and return on assets.

2. MATERIALS AND METHODS

This study employs a quantitative approach, with an emphasis on theory testing by collecting numerical data from variables and analyzing it statistically to evaluate the given assumptions [26]. This method helps the study achieve its goal of studying the effects of several financial ratios on company value. These ratios include current ratio, debt to equity, total asset turnover, and return on assets. Businesses in the food and drink industry that were listed on the IDX in the year 2023–2024 were the subjects of the research.

In all, 98 businesses from the food and beverage subsector that were listed on the IDX from 2023 to 2024 made up the study's sample. The researchers in this study gathered their information by purposeful sampling, a non-probability sampling strategy that doesn't guarantee that every single person in the population would be chosen at random. According to Sugiyono (2023), researchers select samples based on criteria or characteristics that bolster the aims of the study. The standards utilized are of:

1. Food and beverage companies that were listed on the Indonesia Stock Exchange (IDX) from 2023 to 2024
2. Companies in the food and beverage industry that did not submit full financial reports for the years 2023 and 2024
3. Food and beverage businesses that lose money in 2023 and 2024

61 companies satisfied the research requirements based on these factors. The following table displays the sample selection criteria:

Table 1. Sample Selection Criteria

No	Criteria	Total
1	Food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) during 2023–2024	98
2	Food and beverage subsector companies that did not publish complete financial statements during 2023–2024	(20)
3	Food and beverage subsector companies that reported losses during 2023–2024	(17)
Total sample companies		61
Observation period (years)		2
Total observations		122

Source: Researcher's Process, 2026.

There are independent and dependent variables in this research. With Tobin's Q standing in for firm value, which is the ratio of market capitalization to book value of assets, we get a dependent variable [27]. The independent variables are TATO, ROA, DER, and CR, which stand for Total Asset Turnover and Return on Assets, respectively. These four measures reveal how profitable a company is, how its assets are being used, how much leverage it has, and how liquid it is. Financial ratios are used to measure current ratio (CR), total debt to equity (DER), sales to total assets (TATO), and net profit to total assets (ROA) [28]. The conceptual underpinning of the inquiry is as follows:

Using the official IDX website (www.idx.co.id) and the websites of the companies in the food and beverage subsector that are listed on the Indonesia Stock Exchange, researchers were able to get financial reports and annual reports for the period of 2023–2024. These are the places where secondary data is gathered.

Multiple linear regression, descriptive statistics, and the standard assumption tests (for heteroscedasticity, multicollinearity, and normalcy) were some of the methods used to examine the data. At the 5% level of significance, hypothesis testing is made use of the adjusted determination coefficient (R²), the simultaneous analysis test (F test), and the partial analysis test (t test).

3. RESULT AND DISCUSSION

3.1. Result

3.1.1. Research Object Overview

Companies listed on the Indonesia Stock Exchange between 2023 and 2024 in the food and beverage subsector were the topic of the research. Companies that earned income and released financial reports during the research period were the ones chosen for the sample by conscious selection. Each company's website and the Indonesian Stock Exchange provided the data. These criteria were satisfied by 61 businesses in total; considering the two-year research period, the study's sample size is 122 observations.

3.1.2. Descriptive Statistics

Values for minimum, maximum, average (mean), and standard deviation are examples of descriptive statistics that provide descriptive analysis. The present ratio (CR), debt-to-equity ratio (DER), total asset turnover (TATO), return on assets (ROA), and Tobin's Q were some of the factors examined in this research.

Table 2. Descriptive statistics

Variable	N	Min	Max	Mean	Std. Deviation
CR	122	0.1016	25.1712	2.935738	3.2839720
DER	122	-1.7686	7.3782	0.885214	1.0875832
TATO	122	0.1224	24.5110	1.293752	2.2436944
ROA	122	0.0001	0.3319	0.072543	0.0628031
TOBINS Q	122	0.5133	7.9161	1.573500	1.1066653
Valid N (listwise)	122				

The following outcomes were achieved based on data processing using SPSS:

1. One important metric is the current ratio, which might be anywhere from 0.1016 to 25.1712 according to the descriptive statistics. There is a standard deviation of 3.2839 and an average of 2.9357. Throughout the research, the Current Ratio varied considerably among the sample companies, as seen by the very large standard deviation.
2. The descriptive data shows that the debt to equity ratio can vary from -1.7686 to 7.3782. This data set has an average value of 0.8852 and a standard deviation of 1.0875. What this means is that the firms being compared have a very different Debt-to-Equity Ratio.
3. Total Asset Turnover: According to descriptive data, it falls between 0.1224 and 24.511. Data variance is indicated by the average of 1.2937 and the standard deviation of 2.2436.
4. Return on Assets: Descriptive data indicates that Return on Assets ranges from 0.0001 to 0.3319. The average value is 0.0725, while the standard deviation is 0.0628. Given the data's very narrow distribution, these figures indicate that Return on Assets tends to be close to the average.
5. Firm Value (Tobin's Q): According to descriptive statistical tests, the firm value ranges from 0.5133 to 7.9161. The average value is 1.5735, while the standard deviation is 1.1066. Given that the firm value data dispersion is relatively less, this implies that the data values tend to approach the average.

3.1.3. Classical Assumption Test

1. Normality Test

To check if the regression model's residuals follow a normal distribution, one does a normality test. This work used graphical analysis and the Kolmogorov-Smirnov test to test for normalcy. If the data distribution is normal or almost normal, then the regression model is considered excellent. The data is normalized if and only if the points on the graph following the diagonal line or the residual value histogram take a certain shape.

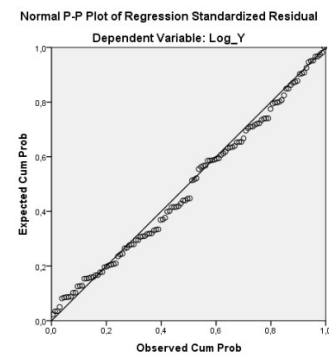


Fig 2. P-Plot test results.

The normal P-P plot assumes that the residuals are directed and dispersed along the diagonal. This indicates that the residuals' distribution is getting closer to being normal. To sum up, the study's regression model satisfies the normalcy condition.

If you want to be sure everything is normal, you may use the Kolmogorov-Smirnov test or the Normal P-P plot. The asymptotic significance value (2-tailed) is used to make decisions in this test. The following table displays the findings of the Kolmogorov-Smirnov test that was used in this investigation.

Table 3. Normality test

		Unstandardized Residual
N		122
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	0.20387170
Most Extreme Differences	Absolute	0.062
	Positive	0.062
	Negative	-0.046
Test Statistic		0.062
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

A value of 0.200 is given by the Asymp. Sig. (2-tailed) in this table. The study's regression model is not normally distributed, as the significance value is greater than 0.05. According to the study's findings, the normalcy assumption is correct.

2. Multicollinearity Test

One way to check if your regression model's independent variables are highly correlated is with the multicollinearity test.

Table 4. Multicollinearity test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CR	0.899	1.112
DER	0.883	1.132
TATO	0.984	1.016
ROA	0.965	1.036

All independent variables had tolerance values greater than 0.10 and VIF values lower than 10, according to the test results.

So, it seems the regression model is OK to proceed with further research because it doesn't exhibit multicollinearity.

3. Heteroscedasticity Test

Table 5. Heteroscedasticity test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	0.652	0.156	–		4.169	0.000
CR	-0.023	0.021	-0.103		-1.089	0.278
DER	-0.107	0.065	-0.156		-1.634	0.105
TATO	-0.016	0.030	-0.047		-0.516	0.607
ROA	1.790	1.085	0.151		1.650	0.102

A significant value of 0.278 is assigned to the CR variable, 0.105 to the DER variable, 0.607 to the TATO variable, and 0.102 to the ROA variable according to the test findings in the Coefficients table. The regression model did not display heteroscedasticity, as all independent variables in this

investigation had p-values greater than 0.05. As a result, one of the conventional assumptions that heteroscedasticity does not exist is satisfied by the regression model in use.

3.1.4. Multiple Linear Regression Analysis

Table 6. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	0.930	0.207	–		4.497	0.000
CR	-0.014	0.028	-0.041		-0.486	0.628
DER	-0.003	0.087	-0.003		-0.038	0.970
TATO	0.035	0.040	0.070		0.873	0.385
ROA	8.855	1.435	0.503		6.172	0.000

Based on the values of the regression coefficients for each variable as shown in the Coefficients table, which are derived from the multiple linear regression analysis, the following regression equation was derived:

$$\text{TOBIN'S Q} = 0.930 - 0.014(\text{CR}) - 0.003(\text{DER}) + 0.035(\text{TATO}) + 8.855(\text{ROA})$$

- If the variables CR, DER, TATO, and ROA are all zero, Tobin's Q will be 0.930.
- The CR coefficient of -0.014 shows that, everything else being equal, Tobin's Q will increase by -0.014 for each unit increase in CR.
- Assuming no change in the other variables, Tobin's Q will rise by -0.003 for each unit increase in DER, according to the DER coefficient of -0.003.
- Assuming all other parameters stay constant, a 1-unit increase in TATO will result in a 0.035 rise in Tobin's Q, according to the TATO coefficient of 0.035.
- The ROA coefficient of 8.855 indicates that Tobin's Q will grow by 8.855 for each unit increase in ROA if all other parameters remain the same.

There is a correlation of 0.251. Accordingly, 25.1% of the variance in Tobin's Q can be explained by the independent variables CR, DER, TATO, and ROA. Variables that did not make it into the study model account for the remaining 74.9%.

Additionally, when the number of independent variables is taken into account, the Adjusted R-Square value is 0.226. This means that the independent variables explain 22.6% of the variance in the dependent variable, while factors outside the research model account for 77.4%. With an R-value of 0.501, we observe a moderate association between Tobin's Q and the independent variables CR, DER, TATO, and ROA.

2. Simultaneous Test (F Test)

The F-test statistic was 9.818 with a significance threshold of 0.000. Given that 0.000 is less than 0.05, it may be inferred that Tobin' Q is significantly affected by CR, DER, TATO, and ROA all at once. Consequently, the dependent variable's relationship with the independent factors may be fully described by the regression model employed.

3.1.5. Hypothesis Testing

1. Coefficient of Determination (Adjusted R²)

Table 7. Coefficient of Determination (Adjusted R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.501	0.251	0.226	0.9737953

Table 8. F Test

Model	Sumq of Squares	Df	Mean Square	F	Sg.
Regression	37.241	4	9.310	9.818	0.000 ^b
Residual	110.948	117	0.948		
Total	148.190	121			

3. Partial Test (t Test)

Table 9. Partial Test (t Test)

Model	Unstandardized Coefficients			Standardized Coefficients		t	Sig.
	B	Std. Error	Beta				
1 (Constant)	0.930	0.207				4.497	0.000
CR	-0.014	-0.028	-0.041			-0.486	0.628
DER	-0.003	0.087	-0.003			-0.038	0.970
TATO	0.035	0.040	0.070			0.873	0.385
ROA	8.855	1.435	0.503			6.172	0.000

The t-test's findings show that:

- The t-value for the CR variable is 0.628, which is more than the threshold of 0.05. Therefore, we accept H0 and reject H1, which means that CR does not significantly affect Tobin's Q.
- With a value of 0.970, the DER variable has a significance level higher than 0.05. Given the rejection of H2 and acceptance of H0, it can be concluded that DER does not significantly impact LN_Y.
- The TATO variable has a significance value of 0.385, which is more than 0.05. With H0 accepted and H3 denied, TATO does not significantly affect Tobin's Q.
- ROA has a significance level of 0.000, which is below the accepted threshold of 0.05. Since H0 is not true and H4 is, it follows that ROA significantly affects Tobin's Q.

3.2. Discussion

3.2.1. The Effect of Current Ratio, Debt to Equity Ratio, Total Asset Turnover, and Return on Assets on Firm Value

The significance value was 0.000 (<0.05) in the results of the simultaneous test. With a p-value lower than 0.05, we may infer that CR, DER, TATO, and ROA all have a significant effect on Firm Value at the same time. These results show that investors use many financial metrics to evaluate a firm, which is important from an operational standpoint. It suggests that investors use several financial performance indicators, including liquidity, leverage, activity, and profitability, to estimate a company's value.

Additionally, the independent variables account for 29.1% of the variance in firm value, as indicated by an Adjusted R² of 0.291. Although firm value remains a complex concept that may be influenced by internal and external factors beyond the scope of this study, this finding indicates that the chosen financial measures help explain company value.

3.2.2. The Effect of Current Ratio on Firm Value

As a measure of liquidity and capacity to satisfy short-term commitments, the Current Ratio variable shows an average value

of 2.9357 in the descriptive statistical analysis. By definition, this criterion assumes that the sampled businesses can prudently manage their current assets. The results of the t-test reveal that there is no significant relationship between the Current Ratio (CR) and the firm's value ($\text{sig} = 0.628 > 0.05$). So, H1 is not true. According to this result, investors do not let a company's liquidity determine its worth. Companies in the food and beverage industry may not be given top priority by investors for liquidity, since the current ratio does not appear to have a noticeable effect on business value. According to Signaling Theory, the liquidity of a corporation provides insight into its ability to meet its short-term obligations. However, investors care more about a company's capacity to generate and grow profits than about its liquidity. Previous international studies also reported inconsistent findings regarding the role of liquidity in determining firm value, with some studies identifying insignificant relationships between Current Ratio and market valuation [24], [25].

Food and beverage companies generally operate with stable product demand and rapid cash conversion cycles, reducing investors' concerns about short term liquidity. Market participants tend to interpret excessive liquidity as an indication of underutilized current assets rather than superior corporate performance. These findings suggest that managers should focus on optimizing working capital rather than maintaining excessively high liquidity, while investors should evaluate liquidity together with profitability and operational performance when assessing firm value.

3.2.3. The Effect of Debt to Equity Ratio on Firm Value

According to the descriptive statistics, the average value of the Debt-to-Equity Ratio variable is 0.8852. A lower debt-to-equity ratio indicates a company's financial health. Since the company's dependence on debt-based funding is not excessive, this structure suggests relatively minimal financial risk. Nevertheless, DER does not significantly impact company value, according to the t-test results (significance $0.970 > 0.05$). Nobody gives a hoot about H2. This suggests that the amount of leverage a firm has is not the primary determinant investors use to assess its worth. A low impact of the debt-to-equity ratio on firm value

indicates that capital structure is not the primary driver of market valuation in the food and beverage sector. According to Trade-Off Theory, debt financing increases a company's value only when it maintains an optimal level of leverage that balances tax advantages with the costs of financial instability [20][17].

The lack of a significant correlation suggests that the selected businesses' differences in leverage fall within a range that investors do not consider value-relevant. Additionally, conflicting results regarding the relationship between leverage and business value have been documented in prior international research. [24][23]. Food and beverage companies typically generate relatively stable operating cash flows, allowing firms to fulfill their debt obligations without substantially increasing financial risk. Investors consequently place greater importance on earnings performance than on financing composition. These findings imply that managers should optimize debt utilization to support business operations rather than relying on leverage as a strategy to increase firm value. Investors should simultaneously evaluate leverage, profitability, and growth opportunities before making investment decisions.

3.2.4. *The Effect of Total Asset Turnover on Firm Value*

According to the descriptive statistical analysis's findings, the firm can normally generate sales that are 1.29 times its total assets, as shown by its TATO of 1.2937. This statistic illustrates how well the company generates revenue from its assets. The t-test findings show that TATO has no appreciable effect on business value (sig. 0.385 > 0.05), hence H3 is discarded. This suggests that investors do not primarily consider this when assessing the company's value, even when the business may effectively employ its assets to generate income. Firm value is not greatly impacted by total asset turnover, effective enough that asset use does not suggest to increase market value on its own. According to signaling theory, successful asset management conveys favorable information about operational efficacy. In the end, investors react not only to sales efficiency but also to advances in financial performance. The results of earlier research have been mixed; some have found a favorable impact of total asset turnover on company value, while others have found negligible correlation [25][29].

Food and beverage companies frequently maintain substantial production facilities and distribution assets that support long term operations. Higher asset turnover therefore does not necessarily translate into stronger profitability or higher investor valuation. These findings indicate that managers should improve asset productivity while simultaneously increasing profitability to generate stronger market signals. Investors should consider Total Asset Turnover together with profitability indicators when evaluating corporate performance.

3.2.5. *The Effect of Return on Assets on Firm Value*

According to descriptive statistics, the ROA variable typically takes on a value of 0.0725 (or 7.25 percent). This figure shows that the business is often profitable due to its efficient utilization of resources. The t-test results demonstrate that ROA significantly affects company value (sig. 0.000 < 0.05). So, it's OK to use H4. This discovery suggests that investors take profitability into account when assessing a company's value. Return on assets has a favorable and substantial effect on firm value, suggesting that profitability is the most important financial metric that investors consider. According to Signaling Theory,

increased profitability is a reflection of management's capacity to make effective use of company resources and produce long-term profits [9]. Strong earnings performance increases investor confidence by signaling favorable future cash flows and stronger business prospects. Previous international studies consistently reported that profitability significantly enhances firm value because profitable firms receive higher market valuations than firms with weaker financial performance [25][24][23].

Food and beverage companies operate in a highly competitive industry where sustained profitability reflects efficient production, effective cost management, and strong market competitiveness. Investors consequently regard Return on Assets as a more reliable indicator of corporate quality than liquidity, leverage, or asset turnover. These findings imply that managers should prioritise strategies that improve profitability through operational efficiency and effective asset utilisation. Investors may also use Return on Assets as a primary indicator when evaluating investment opportunities in food and beverage companies.

4. CONCLUSION

Investors use activity, profitability, capital structure, and liquidity to evaluate overall financial performance. According to this study, business value is significantly influenced by the Current Ratio (CR), Debt-to-Equity Ratio (DER), Total Asset Turnover (TATO), and Return on Assets (ROA). However, the Adjusted R² value of 29.1% indicates that these characteristics account for only part of the variation in firm value, with additional factors outside the study model explaining the remaining 70.9%.

Firm value is somewhat unaffected by CR, DER, and TATO. This implies that investors might not see asset utilization efficiency, liquidity, and leverage as the main factors influencing firm value in the enterprises under observation. But return on assets (ROA) is a powerful driver of corporate value, so it's safe to assume profitability remains a key metric for investors when evaluating a business.

This study recognizes that factors outside of the model have an impact on business value. As a result, it is impossible to completely rule out the potential of omitted variable bias. It is suggested that future research include other factors such as business size, dividend policy, corporate governance, growth prospects, profits per share, and macroeconomic conditions. Expanding the sample size and extending the observation period may also improve the explanatory power and generalizability of future research findings.

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