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Determinants of Company Value in Earnings Management Moderation

Novriella EnoRehita Kharisma Hentin[1], Ati Retna Sari[2], Supami Wahyu Setyowati[3]
[1,2,3] Accounting Program, Faculty of Economics and Business, Universitas PGRI Kanjuruhan Malang
Corresponding author: novriellaenno@gmail.com, atiretnasari@unikama.ac.id, setiyo@unikama.ac.id

ABSTRACT
This study aims to analyze whether profitability, liquidity, and company size affect company value, considering earnings management, in manufacturing companies within the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2021-2024. The sample for this study was taken using purposive sampling, resulting in 17 companies that met the research criteria. The analysis technique used classical assumption testing and moderated regression analysis using SPSS. Hypothesis testing involved multiple linear regression analysis, t-tests, F-tests, and the coefficient of determination. The analysis results indicate that profitability has a positive and significant impact on company value, whereas liquidity and company size do not have a significant effect on company value. In accordance with the t-test results, profit management moderates the relationship between profitability and company value, but is unable to moderate the relationships between liquidity and company size and company value.

Keywords:
Profitability; Liquidity; Company Size; Company Value; Earnings Management

INTRODUCTION

Company value reflects investors' perceptions of a company's prospects and is an important indicator in investment decision-making. High company value indicates investor confidence in the company's future performance and business prospects. Therefore, understanding the factors that influence company value is crucial for management, investors, and other stakeholders.

Several factors are believed to have a significant influence on company value, including profitability, liquidity, and company size. Previous studies have shown that profitability has a positive relationship with company value because high profits reflect operational efficiency and investment attractiveness (Putra & Ayem, 2021).

However, not all relationships between these determinants and company value are direct. One factor that can moderate this relationship is earnings management. Earnings management refers to the actions taken by management to manipulate financial statements in order to achieve specific objectives, such as meeting investor expectations or internal performance targets. This practice can create information asymmetry and obscure the company's true economic value (Nuraini & Yulianto, 2023).

In the context of manufacturing companies, particularly those in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX), the issue of company value and earnings management is becoming increasingly relevant. This sub-sector contributes significantly to the national economy. However, there is considerable dynamism in the performance and value of companies in this sector, which opens up opportunities for further study on the determinants of company value and the role of earnings management as a moderating variable.

The researchers chose manufacturing companies in the food and beverage sub-sector because previous studies have yielded inconsistent results, making this topic an interesting one to re-examine. This is why the authors decided to conduct further research. However, the difference between this study and previous studies lies in the use of earnings management as a moderating variable, and the data used are the financial statements of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2021-2024.

A detailed theoretical exploration of agency theory was first proposed by Jensen and Meckling (1976). This theory explains the relationship between the principal (the owner or shareholder) and the agent (the manager). One of the main assumptions of agency theory is that the different objectives of principals and agents can lead to conflict because company managers tend to pursue their own personal goals. This can result in managers focusing on projects and investments that generate high short-term profits rather than maximizing shareholder welfare through projects that are profitable in the long term. This conflict can occur because managers have more information about the company than the principal. There are direct ways that shareholders can use to monitor company management to help resolve agency conflicts. Because agents and principals have the same goals, management can fully pay attention to and focus on the company's goal of increasing company value.

Signaling Theory

Signaling theory reveals how a company should signal to users of financial statements. This information is very important for investors and business people because it essentially provides explanations, notes, or descriptions of the company's past, present, and future circumstances and how they affect the company. In other words, companies can increase their value by reducing information asymmetry, namely by sending signals to external parties (Aksara, n.d., 2020). This theory shows that complete, precise, accurate, and relevant information released by companies is very important and needed by investors in order to make investment decisions.

Company management conveys financial report information that is published regarding the implementation of accounting conservatism in the company so that the profits generated are of higher quality, where this principle can prevent the company from exaggerating the information on assets and profits (Lestari, 2017). Information about the results of the company's financial performance that is published is a form of corporate management's responsibility in managing the company.

Company Value

Company value is one of the indicators for investors to see the value of a company before investing their capital in it. The indicators used to detect company value include: Price Earning Ratio (PER), Tobin's Q Ratio (Q Tobin), and Price Book Value (PBV) because Price Book Value (PBV) is the result of comparing the share price with the book value per share. Therefore, if the PBV value increases, the skill of the shareholders will also increase, which is the goal of establishing a company (Aksara, n.d., 2011). The higher the company value, the greater the prosperity that will be received by the company owners ( ). Company value can be measured by stock returns because the goal of investors is to obtain high profits or returns with a certain level of risk (Tommy & Saerang, 2014).

(Agus & Martono, 2013) state that company value is very important because it increases the prosperity of the company's owners or shareholders and can distinguish

the quality of the company from other companies. Company value is the company's goal to maximize profits in order to increase the prosperity of the company's owners and shareholders.

Profitability

Profitability is used as a metric to determine the scope of a company's profits in relation to the size of the business. In other words, profitability is a company's ability to generate profits from sales, total assets, and equity. Therefore, long-term investors will be interested in this profitability analysis (Persada, 2016). According to the definition, the profitability ratio is: "This ratio measures the overall effectiveness of management, which is derived from the level of profit achieved in terms of sales and investment." Profitability can be measured using Return on Net Operating Assets (RNOA), which provides a good measure of a company's profitability because it shows the effectiveness of management in using assets to generate income. If a company's profitability is good, investors and creditors can see the extent to which the company is able to generate profits from sales and investments (Priatna, 2016). The higher the RNOA, the higher the net profit generated from every rupiah of funds invested in equity.

Liquidity

Liquidity is defined as a company's ability to pay its maturing debts (Iskandar, 2013). This is because companies with high liquidity have large internal funds, so they use their internal funds first to finance their investments before resorting to external financing through debt. This study uses the Current Ratio because it aims to determine a company's ability to pay off its short-term liabilities using current assets.

Based on the above explanation, it can be concluded that liquidity is a company's ability to meet its obligations to pay its short-term debts, namely trade payables, dividend payables, tax payables, and others. In this case, the higher the company's liquidity level, the better its performance is considered to be. Companies with high liquidity levels usually have better opportunities to obtain various forms of support from many parties, such as financial institutions, creditors, and suppliers.

Company Size

Company size is a scale by which companies can be classified as large or small, measured by assets, log size, stock market price, and others. Company size can also be measured by sales volume, average sales, market value of the company's shares, and others. According to (Tommy & Saerang, 2014), a large and continuously growing company size can indicate future profit levels, and the ease of financing can influence the company's value and serve as good information for investors.

For investors and creditors, company size is an important aspect to consider, as it is related to the risk of the investment. Based on the above explanation, it can be concluded that company size is a scale that reflects the size of a company based on its profit or total assets. This is an important aspect that investors and creditors must consider, as company size affects the risk of the investment.

Earnings Management

Earnings management is a deliberate process, within the limits of financial accounting standards, to regulate profit reporting to certain parties (Kusumaningtyas & Puspita, 2019). Earnings management can be used in two ways, namely by changing accounting methods and changing accounting estimates and policies. Managers engage in earnings management to achieve their personal interests by

controlling the amount of profit reported to stakeholders. Earnings management is carried out by reporting manipulated profit amounts to shareholders, and the results of the agreement can later influence the accounting figures reported. According to (Scott, 2009), profit management is carried out for several reasons, namely: bonus planning, long-term debt contracts, political motivation, tax motivation, CEO replacement, and initial public offerings.

From the above explanation, it can be concluded that earnings management is an effort by managers to make changes to external reports in order to level, increase, or decrease profits to influence accounting values for the benefit of the managers themselves. Because previous studies have used the conditional revenue model indicator in earnings management as a moderating variable, in this study, the author is interested in using the accrual indicator so that there is a difference from previous studies.

Conceptual Research Model

Based on the theoretical review and results of previous studies as well as the issues discussed, the conceptual model of corporate value research with the predictor variables of profitability, liquidity, company size, and the moderating variable of earnings management can be described as follows:

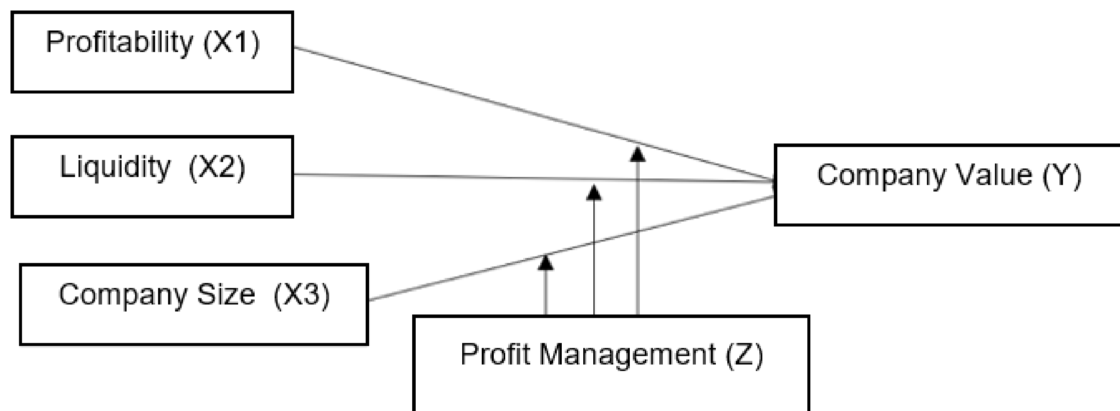

Figure 1. Research Conceptual Model

Hypothesis Development

The Effect of Profitability on Firm Value

The profitability ratio is a ratio that describes a company's ability to earn profits through all its capabilities and resources, such as sales activities, cash, capital, number of employees, number of branches, and so on. Gitman and Zutter in (Firnanti, 2017). Meanwhile, Kasmir in (Firnanti, 2017) states that "Profitability Ratio" is a ratio to assess a company's ability to seek profits.

Based on the above definitions, it can be concluded that profitability is the level of net profit that a company is able to achieve when carrying out its operations. High profits indicate good prospects for the company, which can trigger investors to increase demand for shares. The better the growth in a company's profitability, the better its future prospects are considered to be in the eyes of investors. If a company's ability to generate profits increases, the share price will also increase. Profitability is

the level of net profit that a company is able to achieve while conducting its operations. High profits indicate good prospects for the company, which can trigger investors to increase demand for shares. The better the company's profitability growth, the better the company's future prospects are viewed by investors. If a company's ability to generate profits increases, the share price will also increase. Sabrin et al. (2016) conducted research on the impact of profitability on company value using manufacturing companies from 2009 to 2014. The results obtained showed that profitability had a positive effect on company value. Masha and Murtaqi (2017) conducted similar research on companies in the food and beverage sector on the Indonesia Stock Exchange. Their results showed that Return on Net Operating Assets, as a measure of profitability, had a positive and significant effect on company value. (Sucuahi & Cambarihan, 2016) conducted research on 86 diversified companies whose shares are listed on the Philippine Stock Exchange. The results obtained supported previous studies in which profitability had a positive effect on company value. H1: Profitability has a significant effect on company value

The effect of liquidity on company value

The liquidity ratio, often referred to as the working capital ratio, is a ratio used to measure how liquid a company is. This is done by comparing the components in the balance sheet, namely total current assets with total current liabilities (short-term debt). According to Ehrhardt and Brigham (2010), liquidity is a company's ability to meet financial obligations that can be immediately liquidated or are already due. Specifically, liquidity reflects the availability of funds that a company has to meet all maturing debts. Liquidity shows a company's ability to meet its immediate financial obligations or when billed. A high liquidity value reflects a company's high ability to meet its short-term obligations. Companies with good liquidity values will be considered to have good performance by investors. A company's liquidity represents its ability to meet its short-term obligations. This sends a positive signal to investors. Several studies conducted by (Wulandari, 2013) and (Rompas, 2013) prove that an increase in a company's liquidity is followed by an increase in the company's value. H2: Liquidity has a significant effect on company value

The effect of company size on company value

Company size can determine the ease with which a company can obtain funds from the capital market. Small companies generally lack access to organized capital markets, both for bonds and stocks. Company size determines bargaining power in financial contracts. Large companies can usually choose from various forms of debt financing, including special offers that are more profitable than those offered to small companies. The larger the amount of money involved, the greater the likelihood of creating contracts tailored to the preferences of both parties instead of using standard debt contracts.

According to (Pratama, 2016), the larger the size of the company, the greater the assets owned by the company and the more funds the company needs to maintain its operational activities. Research conducted by Muhyarsyah (2007) has proven that company size has a positive and significant effect on company value, and the larger the size of a company, the higher its value. This is because large companies have easier access to capital markets, making it easier for them to obtain funds compared to small companies. H3: Company size has a significant effect on company value.

Earnings management moderates the effect of profitability on company value

Profitability ratios show how much profit a company earns from its sales and other investments using its assets. The more profit a company earns, the more attractive it is to investors looking to buy shares. High profitability indicates that a company is performing well financially. The return on investment is in the form of dividend payments. If the company earns more profit, investors assume that the dividends paid will also be higher. This is what attracts investors. If many people are interested in buying its shares, demand will increase, and then the share price may rise, reflecting the high value of the company. This is also supported by research by Kusuma & Azib (2020), which states that earnings management can moderate the relationship between profitability and company value. H4: Earnings management significantly moderates the effect of profitability on company value

Earnings management moderates the effect of liquidity on company value

Liquidity is a company's ability to meet its short-term obligations using its current assets. The higher the liquidity, the better the company is at paying its debts with its current assets, which can be easily and quickly converted into cash. Investors prefer such companies because they believe that buying shares in them will yield profits with good company prospects. If short-term obligations can be fulfilled properly, then profit quality will also be good. Therefore, investors will not be confused when investing, and the company's value will automatically improve. This is in line with research by Christiani & Herawaty (2019), which states that profit quality can strengthen the relationship between liquidity and company value. H5: Profit management significantly moderates liquidity on company value

Earnings management moderates the effect of company size on company value

Company size is the scale of a company, which can affect its value. The size of a company is a benchmark for investors in determining the value of their investments. The larger a company is, the easier it is for the company to obtain funding. However, large companies tend to face more risks, but from this, companies will be trained in dealing with risks, where many strategies will be created to overcome these risks. Therefore, large companies can attract investors because they are considered to have good prospects, which is an advantage of large companies (Pratiwi et al., 2016). The performance of large companies is more visible to the public, which can affect the value of the company. In this case, earnings management as a moderating variable will weaken the relationship between company size and company value. Where a company size that engages in earnings management will decrease company value, in large companies this is easily known by external parties, which can decrease company value from the perspective of external parties. H6: Earnings management significantly moderates company size on company value

METHOD

This study uses quantitative analysis, with a causality approach, namely research with statistical analysis that uses data in the form of numbers that are collected and then produce numerical information. The type of quantitative research is the relationship between variables with objects that are causal in nature, so that causality research will test the effect of independent variables on dependent variables.

The population of this study is manufacturing companies in the food and beverage sub-sector, with a population of 30 companies listed on the Indonesia Stock

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Exchange (IDX). The data source for this sample uses company data listed from 2021 to 2024. Purposive sampling was used in the selection and sampling process.

Table 1. Sample Collection

No	Criteria	Number of Data
1	Manufacturing companies in the food and beverage sub-sector listed on the IDX from 2021 to 2024	30
2	Companies that do not publish financial reports regularly from the period 2021-2024	(6)
3.	Companies that publish financial reports regularly for the 2021-2024 period	24
4.	Companies that did not earn a profit during the 2021-2024 period	(7)
5	Companies that made a profit during the 2021-2024 period	17
	Total sample (n x research period) = (17 x 4 years)	68

The data used in this study was obtained using the documentation method, namely by collecting data through archiving data on balance sheets and income statements that had been read and studied in secondary data in the form of financial reports of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX) through the website www.idx.co.id.

Table 2. Table of variables, operations, and measurements

Variables	Operational Definition	Indicators
Independent	Profitability is a company's ability to generate profits in terms of sales, total assets, and equity.	ROA: *Net Operating Profit After Tax (NOPAT)* *Average Net Operating Assets (NOA)* (Priatna, 2016)
Independent	Liquidity is a ratio that can describe a company's ability to meet its short-term obligations.	Current assets Current Ratio: x 100% Current Liabilities (Titman et al, 2014)
Independent	Company size is a measure used to reflect the size of a company based on the number or total assets of the company.	Size = Ln (Total Assets) (Eko, 2014)
Dependent	The value of a company is a reflection of the company's assets. The value of a company is the company's goal in order to maximize profits.	Market price per share PBV: Book value per share (Brigham and Houston, 2011)
Moderation	Earnings management is the efforts of managers to make changes to external financial reports in order to flatten, increase or decrease profit in order to influence accounting values for the manager's own interests.	Discretionary accrual (DA) using *the Modified Jones Model* (Wirakusuma, 2016)

The data analysis method in this study used Moderated Regression Analysis (MRA) with statistical tools (SPSS).

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RESULTS AND DISCUSSION

1. Normality Test

Data is considered good if it has a normal distribution. The following are the results of the normality test using the diagonal line according to the SPSS version 22 *output*:

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters[a,b]	Mean	.000000
	Std. Deviation	3.07105135
Most Extreme Differences	Absolute	.093
	Positive	.093
	Negative	-.070
Test Statistic		.093
Asymp. Sig. (2-tailed)		.750

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results of the Kolmogorov-Smirnov normality test in the table above, the sample size (N) is 30 with a mean residual value of 0.000 and a standard deviation of 3.071. The Kolmogorov-Smirnov statistic value is 0.093 with a significance (Asymp. Sig. 2-tailed) of 0.750. Because the significance value is greater than 0.05, it can be concluded that the residual data is normally distributed. This indicates that the normality assumption is satisfied, so the regression model is suitable for further analysis. Thus, the regression model is suitable for use because it does not violate the assumption of residual normality, which is an important requirement in multiple linear regression analysis.

2. Multicollinearity Test

The following are the results of the multicollinearity test according to *the* SPSS version 22 *output*:

Table 4. Multicollinearity Test Results

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.741	1.350
	CR	.718	1.393
	LN	.912	1.097
	DAZ	.944	1.059

a. Dependent Variable: PBV

The results obtained for each variable have a Tolerance value > 0.10, while the VIF values are also < 10, meaning that multicollinearity does not occur.

3. Heteroscedasticity Test

The following are the results of the heteroscedasticity test according to *the output* of SPSS version 22:

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Table 5. Heteroscedasticity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	(B)	Std. Error	(Beta)		
(Constant)	2.850	1.950		1.462	0.641
ROA	0.875	0.295	0.520	2.966	0.561
CR	0.410	0.160	0.301	2.563	0.706
LN	0.215	0.145	0.102	1.483	0.659
DA	0.525	1.120	0.038	0.469	0.717

a. Dependent Variable: Abs_RES

Based on the results of the Glejser test for heteroscedasticity in the table above, it can be seen that all independent variables (ROA, CR, LN, and DA) have a significance value (Sig.) greater than 0.05, namely 0.561, 0.706, 0.659, and 0.717, respectively. This indicates that there is no significant effect between the independent variables and the absolute residual value (Abs_RES). Thus, it can be concluded that this regression model is free from heteroscedasticity, so that the classical assumption of homoscedasticity is fulfilled and the model is suitable for further analysis.

4. Autocorrelation Test

The following are the results of the autocorrelation test using the *Durbin-Watson* test, according to *the* SPSS version 22 *output*:

Table 6. Autocorrelation Test Results Model Summary

Model	**Durbin-Watson**
1	1.982

a. Predictors: (Constant), DA, CR, LN, ROA

b. Dependent Variable: PBV

The Durbin-Watson value of 1.982 is within the range of 1.5 to 2.5, indicating that there is no autocorrelation problem in the regression model. This means that the regression model meets the classical assumption of autocorrelation and is therefore suitable for further analysis.

5. Multiple Linear Regression Test

Multiple linear regression analysis is used to determine the extent of the influence of independent variables on the dependent variable being studied by the researcher.

6. Determination Coefficient Test (R^2)

The coefficient of determination is used to measure the extent of the influence exerted by the dependent variable. The following are the results of the coefficient of determination (R^2) according to *the output* of SPSS version 22:

Table 7. Model Summary Test Results

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.917	0.842	0.826	0.86542

a. Predictors: (Constant), DA, CR, LN, ROA

b. Dependent Variable: PBV

Based on the Model Summary table, the R value of 0.917 indicates a very strong relationship between the independent variables (DA, CR, LN, and ROA) and the dependent variable (PBV). The R Square value of 0.842 means that 84.2% of the variation in PBV can be explained by the independent variables in the model, while the remaining 15.8% is explained by other factors outside the model. The adjusted R Square of 0.826 shows the stability of the model after adjusting the number of

variables, while the Std. Error of the Estimate of 0.86542 indicates a relatively small prediction error rate.

7. Hypothesis Testing

t-test

The t-test is used to determine whether all independent variables have a partial effect on the dependent variable. The following are the results of the simultaneous test (F-test) with a significance level of α = 0.05 according to the SPSS version 22 *output*:

8. Moderated Regression Analysis (MRA)

The following are the results of the moderation regression test (MRA) according to *the output* of SPSS version 22:

Table 8. Moderated Regression Analysis (MRA)

Uji Regresi Moderasi (MRA) Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	(B)	Std. Error	(Beta)		
(Constant)	0,850	0,176		4,823	0,000
RNOA	0,034	0,048	0,071	0,713	0,476
CR	0,516	0,179	0,280	2,791	0,006
LN	0,296	0,063	0,576	4,721	0,000
DER	0,454	0,149	0,594	3,047	0,003
RNOA*DER	0,019	0,077	0,030	0,247	0,805
CR*DER	-0,091	0,161	-0,072	-0,566	0,572
LN*DER	-0,163	0,053	-0,593	-3,050	0,003

a. Dependent Variable: PBV

Based on the table above, it shows that:

a. The profitability and earnings management variables have a sig. value of 0.805 > 0.05. This means that earnings management cannot moderate between the profitability variable and company value, so $H_4$is rejected.
b. The liquidity and earnings management variables have a significance value of 0.572 > 0.05. This means that earnings management cannot moderate between the liquidity variable and company value, so $H_5$is rejected.
c. The company size and earnings management variables have a significance value of 0.003 < 0.05. This means that earnings management can moderate between the company size variable and company value, so $H_6$is accepted.

Discussion

1. The Effect of Profitability on Company Value

This hypothesis seeks to examine the effect of profitability on company value. After analyzing the data using SPSS'22, it can be concluded that profitability does not have a significant effect on company value, so $H_1$is rejected. Based on the above results, this contradicts the results of research conducted by Sabrin et al. (2016), who conducted research on the impact of profitability on company value using manufacturing companies from 2009 to 2014. The results obtained show that profitability has a positive effect on company value. Similarly, Masha and Murtaqi (2017) conducted research on companies in the *food and beverage* sector on the Indonesia Stock Exchange. The results they obtained show that *return on net operating assets* as a measure of profitability has a positive and significant effect on company value. (Sucuahi & Cambarihan, 2016) conducted research on 86 diversified companies whose shares are listed on the Philippine Stock Exchange.

2. The Effect of Liquidity on Company Value

This hypothesis seeks to examine the effect of liquidity on company value. After analyzing the data using SPSS'22, it can be concluded that liquidity has a significant effect on company value, thus accepting H_2. Liquidity indicates a company's ability to

meet its immediate financial obligations or when billed. High liquidity reflects a company's high ability to meet its short-term obligations. Companies with good liquidity are considered to have good performance by investors. Company liquidity represents the level of a company's ability to meet its short-term obligations. This provides a positive signal to investors. The results of this study are supported by previous studies, such as those conducted by (Wulandari, 2013) and (Rompas, 2013), which prove that an increase in company liquidity is followed by an increase in company value.

3. The Effect of Company Size on Company Value

This hypothesis seeks to examine the effect of company size on company value. After analyzing the data using SPSS'22, it can be concluded that company size has a significant effect on company value, thus accepting H_3. Company size determines bargaining power in financial contracts. Large companies can usually choose from various forms of debt financing, including special offers that are more profitable than those offered by small companies. The larger the amount of money involved, the greater the likelihood of creating contracts tailored to the preferences of both parties instead of using standard debt contracts.

The results of this study are supported by previous research conducted by Pratama (2016), which found that the larger the company size, the greater the assets owned by the company and the more funds needed by the company to maintain its operational activities. The results of research conducted by Muhyarsyah (2007) prove that company size has a positive and significant effect on company value, and the larger the size of a company, the higher the value of the company. This is because large companies have easier access to capital markets, so they have the ability to obtain more funds than small companies.

4. Earnings management moderates the effect of profitability on company value

This hypothesis seeks to test whether earnings management moderates profitability on company value. After analyzing the data using SPSS'22, it can be concluded that earnings management cannot moderate profitability on company value, so $H_4$is rejected. High profitability indicates that the company's financial performance is good. The return on investment is in the form of dividend payments. If a company earns more profits, investors assume that the dividends paid will also be higher. This is what attracts investors. If many people are interested in buying the shares, demand will increase, and then the share price can rise, reflecting the high value of the company. However, this is inversely proportional in this study and also inversely proportional to previous studies, such as the study conducted by Kusuma & Azib (2020), which states that earnings management can moderate the relationship between profitability and company value.

5. Earnings management moderates the effect of liquidity on company value.

This hypothesis seeks to test whether earnings management moderates liquidity on company value. After analyzing the data using SPSS'22, it can be concluded that earnings management cannot moderate liquidity on company value, so $H_5$is rejected. Liquidity is a company's ability to meet its short-term obligations using its current assets. The higher the liquidity, the better the company is at paying its debts with its current assets, which can be easily and quickly converted into cash. Investors prefer this type of company because they believe that buying shares in such companies will yield a return on investment ( ) with good company prospects. If short-term obligations can be fulfilled properly, then the quality of earnings will also be good. Therefore,

investors will not be confused when investing, and the company's value will automatically improve. However, this is contrary to the results of this study. This also does not align with the research conducted by Christiani & Herawaty (2019), which states that profit quality can strengthen the relationship between liquidity and company value.

6. Profit management moderates the effect of company size on company value

This hypothesis aims to test whether profit management moderates company size on company value. After analyzing the data using SPSS'22, it can be concluded that earnings management can moderate company size on company value, so $H_{(5)}$ is accepted. The larger a company is, the easier it is for the company to obtain funding. However, large companies tend to face more risks, but from this, companies will be trained in dealing with risks, where many strategies will be created to overcome these risks. Therefore, large companies can attract investors because they are considered to have good prospects, which is an advantage of large companies (Pratiwi et al., 2016). The performance of large companies is more visible to the public, which can affect company value. In this case, earnings management as a moderating variable will weaken the relationship between company size and company value. Where a company size that engages in earnings management will decrease company value, in large companies this is easily known by external parties, which can decrease company value from the perspective of external parties.

CONCLUSION

The results of this study can be concluded that profitability does not have a significant effect on company value, while liquidity and company size have a significant effect on company value in manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2021–2024. This study also found that earnings management cannot moderate the relationship between profitability and liquidity on company value, but it can moderate the relationship between company size and company value. These findings provide an important contribution to understanding the dynamics of internal factors that influence investor perceptions of company value and the moderating role of earnings management in strengthening or weakening the influence of these variables. Thus, strategies to increase company value need to consider liquidity, company scale, and transparency of earnings management practices to maintain investor confidence and sustainable company growth.

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