

The Effect of Leverage, Profitability, and Total Asset Turnover on Company Value With Liquidity as A Moderating Variable in Primary Consumer Goods Companies

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ABSTRACT

The purpose of this research is to determine the effect of leverage on company value, to determine the effect of profitability on company value, to determine the effect of total asset turnover on company value, to determine the effect of leverage on company value with liquidity as a moderating variable, to determine the effect of profitability on company value with liquidity as a moderating variable, to determine the effect of asset turnover on company value with liquidity as a moderating variable. This type of research is quantitative descriptive. The sample in this study is 63 consumer goods companies that published complete financial reports in 2023 on the Indonesia Stock Exchange. Data analysis used multiple linear regression. The results show that leverage has a significant influence on firm value. Profitability has a significant influence on firm value. Total asset turnover does not have a significant influence on firm value. Liquidity does not moderate the effect of leverage on firm value. Liquidity does not moderate the effect of profitability on firm value. Liquidity does not moderate the effect of total asset turnover on firm value. Asset utilization efficiency is not affected by the level of liquidity in relation to firm value.

Keywords : *Leverage, Profitability, Total Asset Turnover, Company Value, Liquidity.*

INTRODUCTION

Corporate value is a measure that reflects investors' expectations about a company's future value. In the context of the primary consumer goods industry, corporate value is an indicator in assessing a company's performance, where the size of the company's value can influence investors' investment decisions (Saputri & Giovanni, 2021). Corporate value encompasses not only the company's stock market value but also other factors such as assets, brand value, and growth prospects (Sembiring & Trisnawati, 2019). In an era of globalization filled with increasingly fierce competition, companies operating in the primary consumer goods sector face complex and dynamic challenges. Globalization has radically changed the business landscape, expanding market access but also increasing the complexity of running business operations. According to Sembiring & Trisnawati (2019), amidst fierce global competition, these companies must have a deep understanding of the factors influencing corporate value to maintain their existence and expand market share.

Meanwhile, the primary consumer goods market is also becoming increasingly dynamic, resulting in intense business competition, with companies striving to increase their value (Taufiqurrahman & Hidayati, 2022). Companies in this sector must not only be able to meet basic consumer needs but also continuously adapt to the rapidly evolving business environment. According to

Semiring & Trisnawati (2019), high dividend payments will influence the increase in company value. When dividend payments are high, they will influence share prices, which will have an impact on increasing company value. Understanding this influences factors in company value. Therefore, it is very important for business actors in the primary consumer goods sector to understand it. This will help companies optimize performance and also enable companies to make the right strategic decisions in facing complex and diverse market challenges. In the primary consumer goods industry, factors such as leverage, profitability, and total asset turnover can influence company value. According to Aldi et al (2020), corporate leverage can be utilized to achieve higher profits by using capital derived from debt or assets financed by debt. This allows the company to maximize its business operations, thereby increasing profits. First, capital structure or leverage plays a crucial role in determining a company's risk and return. The use of borrowed funds can provide benefits in increasing corporate profits through operational leverage, but it also increases financial risk due to interest costs and financial constraints.

Profitability is a key indicator of a company's operational efficiency. This is because a high level of profitability reflects a company's ability to generate stable revenue and efficient use of resources (Wulandari CD & Damayanti T., 2022). Finally, total asset turnover reflects how efficiently a company uses its assets to generate revenue. In the context of primary consumer goods companies, where consumer trends can change rapidly, efficient asset use is a crucial factor, ensuring a company's high value can create wealth for investors. Therefore, high costs are a choice for all business owners (Taufiqurrahman & Hidayati, 2022).

In a dynamic business environment, these factors may not have a uniform impact on firm value across all conditions. Therefore, this study will also explore the role of liquidity as a moderating variable. According to Saputri and Giovanni (2021), liquidity, which refers to a firm's ability to meet its short-term financial obligations, can moderate the relationship between leverage, profitability, and total asset turnover with firm value. In the context of primary consumer goods companies, where demand fluctuations and market risk can be significant issues, liquidity plays a crucial role in managing the relationship between key financial factors and firm value. Liquidity is also important for a firm because this ratio can illustrate short-term credit risk and the efficiency of the company's use of short-term assets (Saputri and Giovanni, 2021).

Several researchers have conducted previous research on firm value analysis. Many studies have examined leverage's impact on firm value. Research on leverage and firm value, according to Aldi, Erlina, et al. (2020), indicates that leverage has a significant positive effect on firm value. However, this finding is inconsistent with research by Dewantari et al. (2019), which found that leverage negatively impacts firm value. Several studies on profitability and firm value, according to Saputri and Giovanni (2021), show that profitability has a partial effect on firm value, indicating a positive direction of the profitability coefficient. This

significant positive effect of profitability on firm value is also demonstrated in Dewantari et al.'s (2019) research.

Previous research on firm value analysis has been conducted by several researchers. According to Indawati (2020), this study shows that total asset turnover has a positive effect on firm value. This is in line with research conducted by Salainti & Sugiono (2020), which shows that total asset turnover has a positive effect on firm value. Furthermore, regarding the effect of liquidity on firm value, Febrianto et.al (2019) showed that in their research, the effect of liquidity on firm value in the coal sector showed positive and significant results. However, another study conducted by Nugraha (2020) in the manufacturing sector showed that liquidity had a negative effect on firm value. Based on the description above, research on company value is important to be carried out to understand the complex dynamics between leverage, profitability, total asset turnover, and liquidity in primary consumer goods companies. It is interesting to conduct research, therefore the researcher is interested in conducting research with the title: THE EFFECT OF LEVERAGE, PROFITABILITY, AND TOTAL ASSET TURNOVER ON COMPANY VALUE WITH LIQUIDITY AS A MODERATING VARIABLE IN PRIMARY CONSUMER GOODS COMPANIES.

RESEARCH METHODS

This research uses a quantitative descriptive approach. Samples in this study 63 consumer companies published their complete financial reports in 2023 on the Indonesia Stock Exchange. The sampling technique used in this study is purposive sampling. Data Analysis Techniques Data were collected through primary data observation of consumer companies listed on the IDX in 2023. Instrument testing was conducted using validity and reliability tests. The variables used in this study consist of three variables: the independent variable (X), the dependent variable (Y), and the moderating variable (Z). The independent variables are Leverage (X1), Profitability (X2), and Total Asset Turnover (X3). The dependent variable is Firm Value (Y), and the moderating variable is Liquidity (Z). The regression equation model used is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information :

Y	: Company Value Variable
X1	: Leverage Variable (DER)
X2	: Profitability Variable (ROA)
X3	: Total Asset Turnover (TATO) Variable
Z	: Liquidity
a	: constant
b1, b2, b3,	: correlation coefficient
e	: error term/nuisance error

Hypothesis testing was carried out using the t-test (partial) and the F-test (simultaneous).

RESULTS AND DISCUSSION

Multiple linear regression is used to determine the effect of independent variables on the dependent variable. The results of the multiple regression analysis are presented in the table below:

Table 1 Results of Multiple Linear Regression Analysis

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.414	.171		2.423	.018		
	DER	.503	.083	.599	6.032	<.001	.990	1.010
	ROA	.056	.024	.230	2.317	.024	.991	1.009
	TATO	.074	.035	.211	2.139	.037	1.000	1.000

a. Dependent Variable: PBV

Source: Processed data, 2025

Regression Equation:

$$Y = 0.414 + 0.503X_1 + 0.056X_2 + 0.074X_3$$

Interpretation of Results:

- a. $a = 0.414$, which means that if DER (X1), ROA (X2) and TATO (X3) are considered constant, then the company value is 0.414
 - b. $b_1 = 0.503$, meaning that if the DER value (X1) increases by 1 unit, assuming the ROA (X2) and TATO (X3) variables are considered constant, then the company value increases by 0.503
 - c. $b_2 = 0.056$, meaning that if ROA (X2) increases by 1 unit, assuming DER (X1) and TATO (X3) are constant, the company value increases by 0.056
 - d. $b_3 = 0.074$, meaning that if TATO (X3) increases by 1 unit, assuming the DER (X1) and ROA (X2) variables are considered constant, then the company value increases by 0.074
1. t-Test Analysis
 - a. The Effect of DER (X1) on Company Value (Y)

From the results of the data analysis, the significance level of DER (X1) was 0.001. Because the significance value is $0.001 < 0.05$, it can be concluded that the DER variable (X1) has an effect on company value (Y).
 - b. The Effect of ROA (X2) on Company Value (Y)

From the results of the data analysis, a significant level of profitability (X2) was obtained of 0.024. Because the significance value of $0.024 < 0.05$, it can be concluded that the ROA variable (X2) influences company value (Y).

c. The Influence of TATO (X3) on Company Value (Y)

From the results of the data analysis, the significance level of total asset turnover (X3) was 0.037. Because the significance value is $0.037 < 0.05$, it can be concluded that TATO (X3) has an effect on company value (Y).

2. F Test Analysis

The F-test analysis is used to determine the simultaneous or joint influence of the leverage variables (X1), profitability (X2) and total asset turnover (X3) on company value (Y). From the results of SPSS data processing, an F-count value of 107.502 can be obtained with a significance level of 0.000. From these results, because the significance level of $0.000 < 0.05$, there is a joint influence of the leverage variables (X1), profitability (X2) and total asset turnover (X3) on company value (Y),

The following table shows the F test results from SPSS data processing:

Table 2. ANOVA Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30,199	3	10,066	14,512	,000b
	Residual	40,925	59	0.694		
	Total	71,124	62			

Source: Processed data, 2025

3. Coefficient of Determination Test (R2)

The coefficient of determination (R2) test is used to explain the contribution of the influence of independent variables, namely leverage (X1), profitability (X2), and total asset turnover (X3) on company value (Y) in percentage. From the data processing results, the value (R2) is 0.425 or 42.5%. So it can be concluded that the variables leverage (X1), profitability (X2), and total asset turnover (X3) affect company value (Y) by 0.425 or 42.5%, while the remaining 57.5% is influenced by other variables not studied.

The following table shows the coefficient of determination (R2)

Table 3 Results of the Determination Coefficient (R2) Test

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	,652a	,425	,395	832,834

4. Moderated Regression Analysis(MRA)

Moderated Regression Analysis (MRA) was used to test the effect of the moderating variable (Z: Liquidity) on the relationship between the

independent variables (X1: Leverage, X2: Profitability, X3: Total Asset Turnover) and the dependent variable (Y: Firm Value). The results of the moderated regression analysis are presented in the table below.

Table 4. Results of Moderated Regression Analysis

		Coefficients ^a					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	.499	.285		1.750	.086		
	DER	.375	.143	.446	2.617	.011	.351	2.849
	ROA	.045	.041	.183	1.092	.279	.362	2.759
	TATO	.125	.094	.356	1.330	.189	.142	7.037
	CR	-.023	.210	-.028	-1.109	.914	.155	6.455
	DER*CR	.095	.084	.265	1.126	.265	.185	5.410
	ROA*CR	.009	.024	.086	.385	.702	.205	4.882
	TATO*CR	-.062	.101	-.236	-0.611	.544	.068	14.629

a. Dependent Variable: PBV

Source: Processed data, 2025

From the data processing results, the results for the moderation analysis can be seen as follows:

1. It is known that the significance value of the interaction variable between leverage and liquidity is 0.265 (>0.05), so it can be concluded that the liquidity variable (M) is not able to moderate the influence of the leverage variable on company value.
2. It is known that the significance value of the interaction variable between profitability and liquidity is 0.702 (>0.05), so it can be concluded that the liquidity variable is not able to moderate the influence of the profitability variable on company value.
3. It is known that the significance value of the interaction variable between total asset turnover and liquidity is 0.544 (>0.05), so it can be concluded that the liquidity variable is not able to moderate asset turnover against the company value variable.

To find out how much influence the leverage, profitability and asset turnover variables have on the company value variable (Y) after the moderating variables are present, this can be seen in the following table:

Table 5. Results of the Determination Coefficient Analysis Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.663 ^a	.439	.368	.851712	2.024

a. Predictors: (Constant), TATO*CR, DER, ROA, CR, ROA*CR, DER*CR, TATO

b. Dependent Variable: PBV

Source: Processed data, 2025

It is known that the R Square value is 0.439, which means that the influence of the leverage, profitability, and asset turnover variables on the company value variable (Y) after the moderating variable (Liquidity) is 43.9%.

DISCUSSION

This study proposes 6 hypotheses, the results of which we will discuss in this section:

Leverage Has a Significant Influence on Company Value

Based on the results of the T-test hypothesis testing, the leverage variable showed a t-value of 6.032 with a Sig. 0.001 ($p < 0.05$). Hypothesis H1 is accepted, meaning leverage has a significant effect on firm value. High leverage indicates optimal debt use to support company operations. This can increase investor confidence because the company is able to manage external capital to generate income. Thus, leverage plays a significant role in increasing firm value as long as it is managed properly.

Leverage is a financial concept involving the use of borrowed funds or other financial instruments to increase the potential returns on an investment. In a business context, leverage often refers to a company's use of debt to finance its assets. By utilizing borrowed funds, a company can expand more rapidly than if it relied solely on its own capital. However, using leverage also increases risk because if the income from the investment is insufficient to cover the cost of the debt, the company could face financial difficulties. Therefore, it is important for management to consider the acceptable level of risk before deciding to use leverage.

The results of this study are in accordance with the research conducted by Anggraeni, MDP (2020) in a study entitled "The Effect of Profitability, Liquidity and Leverage on Company Value with Dividend Policy as a Moderating Variable in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2016-2018" explaining that Profitability and leverage have a significant positive effect on company value.

Profitability Has a Significant Influence on Company Value

Based on the results of the hypothesis testing using the T-test, the t-value was 2.317 with a significance level of 0.024 ($p < 0.05$). Therefore, hypothesis H2 is accepted, meaning profitability significantly influences company value. High profitability indicates a company's ability to generate consistent profits, which is an indicator of financial health and investment attractiveness. This increases company value because investors tend to give higher valuations to more profitable companies.

Profitability is a measure of financial performance that indicates a company's ability to generate profits relative to revenue, assets, equity, or other expenses within a given period. It reflects the company's efficiency in using its

resources to generate profits. Profitability is typically measured through various financial ratios, such as net profit margin, return on assets (ROA), and return on equity (ROE). These ratios provide insight into how well a company manages operating costs and investments to generate profits.

The results of this study align with research conducted by Anggraeni, MDP (2020), which explains that profitability and leverage have a significant positive effect on firm value.

Total Asset Turnover Has a Significant Influence on Company Value

The t-value of 2.139 with a significance level of 0.037 ($p > 0.05$) indicates that total asset turnover does not significantly influence company value. Thus, hypothesis H3 was rejected, meaning total asset turnover had no significant effect on firm value. This result suggests that efficiency in asset utilization to generate sales is not sufficient to influence firm value. Other factors, such as profitability and capital structure, may play a more dominant role in shaping firm value.

Total asset turnover is a financial ratio that measures how efficiently a company uses its total assets to generate revenue. This ratio is calculated by dividing the company's total revenue by the average total assets held over a given period. The higher the total asset turnover ratio, the more efficiently the company uses its assets to generate revenue, indicating good asset management.

This research in relation to the influence of Total Asset Turnover is in accordance with the research of Indawati K. (2020) in her research entitled "The Effect of Company Size and Total Asset Turnover on Company Value with Profitability as an Intervening Variable" which states that total asset turnover does not affect profitability.

Liquidity Can Moderate the Effect of Leverage on Firm Value

In the moderation equation, the interaction between leverage and liquidity (X1.Z) shows a t-value of 1.126 with a Sig. 0.265 ($p > 0.05$). Therefore, it can be concluded that Hypothesis H4 is rejected, meaning that liquidity does not moderate the effect of leverage on firm value. Although leverage has a significant effect on firm value, the ability of liquidity to strengthen or weaken the effect of leverage is not proven. This may be due to insufficient liquidity levels to cover large debt burdens or investors focusing more on profitability than company liquidity.

Liquidity is a measure of a company's ability to meet its short-term obligations with its current assets. It reflects how quickly and easily a company's assets can be converted into cash without losing value to pay debts or other obligations maturing in the near future. Financial ratios frequently used to measure liquidity include the current ratio and the quick ratio. The current ratio is calculated by dividing total current assets by total current liabilities, while the quick ratio is calculated by dividing current assets minus inventory by current liabilities. A higher

ratio indicates a better level of liquidity, meaning the company is in a stronger position to meet its short-term obligations.

Liquidity Can Moderate the Effect of Profitability on Firm Value

The interaction between profitability and liquidity (X2.Z) shows a t-value of 0.385 with a Sig. 0.702 ($p > 0.05$). Therefore, it can be concluded that Hypothesis Ho is rejected, meaning that liquidity does not moderate the effect of profitability on firm value. These results indicate that a company's ability to meet short-term obligations (liquidity) does not strengthen the relationship between profitability and firm value. Investors seem to be more focused on profitability itself as the main indicator without considering liquidity directly.

Liquidity is important for various stakeholders, including company management, creditors, and investors. Company management needs to maintain adequate liquidity to ensure smooth operations and to avoid financial problems that could arise from the inability to pay obligations on time. Creditors use liquidity ratios to assess credit risk and a company's ability to meet short-term debt payments. Investors also consider liquidity as an indicator of a company's financial health and its ability to weather unexpected financial challenges. Overall, good liquidity is a sign of financial stability and effective cash management within a company.

Liquidity Can Moderate the Effect of Total Asset Turnover on Firm Value

The interaction between total asset turnover and liquidity (X3.Z) shows a t-value of -0.611 with a significance level of 0.544 ($p > 0.05$). Therefore, it can be concluded that Hypothesis H6 rejected, meaning liquidity does not moderate the effect of total asset turnover on firm value. Liquidity does not significantly strengthen the relationship between asset efficiency and firm value. This may be due to the low contribution of asset turnover to overall firm value, as seen in the Ho hypothesis.

Liquidity is a measure of a company's ability to meet its short-term obligations with its current assets. It reflects how quickly and easily a company's assets can be converted into cash without losing value to pay debts or other obligations maturing in the near future. Financial ratios frequently used to measure liquidity include the current ratio and the quick ratio. The current ratio is calculated by dividing total current assets by total current liabilities, while the quick ratio is calculated by dividing current assets minus inventory by current liabilities. A higher ratio indicates a better level of liquidity, meaning the company is in a stronger position to meet its short-term obligations.

CONCLUSION AND SUGGESTIONS

Based on the research results and discussion, the following conclusions can be drawn from this research:

1. *Leverage* has a significant influence on company value. This indicates that companies that are able to optimally manage leverage tend to increase their value in the eyes of investors.
2. Profitability has a significant impact on company value. High profitability reflects a company's strong profit-generating performance, which ultimately attracts investors and increases company value.
3. Total asset turnover did not significantly impact firm value. This result indicates that asset efficiency is insufficient to significantly impact firm value.
4. Liquidity does not moderate the effect of leverage on firm value. Although leverage is significant, a firm's ability to meet short-term obligations (liquidity) does not strengthen the relationship.
5. Liquidity does not moderate the effect of profitability on firm value. Profitability remains the dominant factor influencing firm value without liquidity moderating.
6. Liquidity does not moderate the effect of total asset turnover on firm value. Asset utilization efficiency is not affected by the level of liquidity in relation to firm value.

This conclusion shows that leverage and profitability are the main factors that influence company value, while asset turnover and liquidity do not have a significant role.

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