

Capital Structure, Growth Opportunity, and Firm Value: Dynamic Insights from the Indonesian Food and Beverage Industry

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Abstract: This study examines how capital structure and growth opportunities affected the firm value of Food and Beverage (F&B) companies on the Indonesia Stock Exchange during the volatile 2019–2023 period. While the COVID-19 pandemic disrupted consumer markets, the strategic balance between debt financing and growth potential in maintaining market confidence remains underexplored. Using a causal quantitative approach with purposive sampling, this study analyzed 25 firm-year observations from 5 consistently active companies using Multiple Linear Regression. The empirical results indicate that capital structure has a positive and significant effect on firm value, whereas growth opportunities do not have a significant effect on firm value. Simultaneously, both variables explain 34.6% of the variance in firm value. These findings imply that during economic crises, investors prioritize robust corporate financing strategies over long-term expansion projects. Consequently, F&B managers should focus on optimizing debt-to-equity ratios rather than aggressive scaling to maintain market confidence and protect investor returns during volatile periods.

Keywords: Capital Structure, Growth Opportunity, Company Value

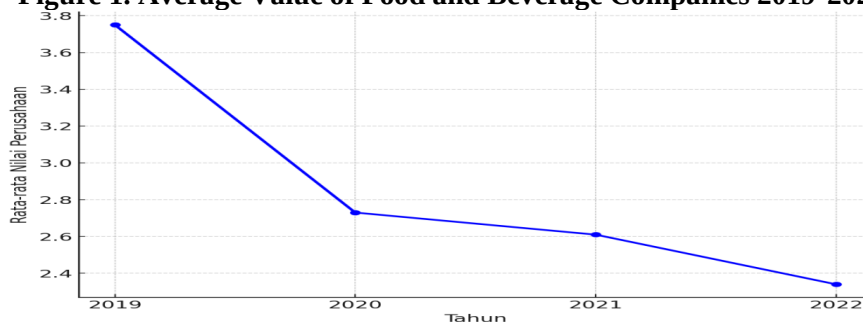
INTRODUCTION

Capitalization remains a major challenge for companies in Indonesia, as access to adequate funding is crucial for supporting business growth and expansion. One effective solution to address this challenge is to partner with strategic investors through the capital markets, which can provide significant capital injections (AP Nugroho, 2023). Through the capital market, companies have the opportunity to sell shares to investors who bring not only additional capital but also expertise and networks that support corporate development. This strategy helps companies increase competitiveness, expand markets, and innovate products and services, enabling them to survive and thrive in an increasingly competitive business environment (Levine et al., 2020). The capital market itself is an organized financial system, encompassing commercial banks, financial intermediaries, and various circulating securities, as stipulated in Minister of Finance Decree No. 1548/KMK/1990. Based on data from the Indonesian Central Securities Depository (KSEI) in 2022, the number of investors reached 7.86 million by January 2022, a 5% increase from 7.45 million in December 2021. This positive trend reflects growing public confidence in the national economy, which ultimately drives market liquidity and financial system stability (Sholikah et al., 2022). Within this framework, maintaining and enhancing a strong firm value through transparency, good governance, and consistent performance is crucial to sustaining investor trust and securing long-term capital (Kaczmarek, 2024).

As a comprehensive measure of a company's assets, revenue, and competitiveness, a high firm value indicates sound financial health and bright corporate prospects (DS Nugroho, 2021; Mulyadi & Mulyadi, 2022). The food and beverage (F&B) industry has

historically been a resilient sector that significantly contributes to Indonesia's national economic growth. However, during the volatile 2019–2023 period, this sector faced severe disruptions. The outbreak of the COVID-19 pandemic severely weakened consumer purchasing power and forced investors to liquidate their shares to secure capital, triggering a persistent decline in stock prices. This phenomenon is clearly visible in the fluctuating average value of listed F&B companies.

Figure 1. Average Value of Food and Beverage Companies 2019-2022



Based on Figure 1, the average firm value in the F&B subsector was initially high (overvalued) but experienced a continuous downward trend until 2022 due to the pandemic and strict Community Activity Restriction Programs (PPKM). In 2019, the average value stood at 3.75, which dropped sharply to 2.73 in 2020, 2.61 in 2021, and reached its lowest point at 2.34 in 2022. By 2023, as the economy entered the post-pandemic recovery phase, the average firm value began to stabilize and shift slightly to 2.45. This prolonged volatility reflects shifting investor perceptions regarding the operational survival and market valuation of F&B firms during crisis periods.

To maintain market confidence during such crises, management must optimize its capital structure, which represents the balance between equity and debt financing (Fajarsari et al., 2024). Capital structure comprises long-term debt, preferred stock, and shareholder equity (Amosh et al., 2024). Empirical evidence by Li et al. (2023) demonstrates that an optimal capital structure directly enhances investment attractiveness and strengthens firm value. However, high debt ratios present a double-edged sword during economic downturns; excessive leverage significantly increases solvency risks and interest-bearing obligations, potentially threatening corporate liquidity and destroying investor confidence if consumer demand plummets (Mullick, 2023).

In addition to financing strategies, firm value is traditionally tied to growth opportunities, which reflect a company's capacity to expand its productive asset base and generate future financial returns. Steady corporate growth can enhance a company's market reputation and mitigate operational risks (Mansikkamäki, 2023; Muthusamy & Kannan, 2023). Under normal economic conditions, positive corporate growth implies better financial health and directly drives firm value (Fadilah & Anwar, 2025). However, during an unprecedented crisis, aggressive asset expansion without proper risk management can backfire, escalating production costs and decreasing profit margins, which ultimately harms stakeholder trust.

Despite the theoretical consensus, empirical literature reveals a substantial research gap and inconsistent findings regarding these variables. On one hand, several scholars found that capital structure has a significant effect on firm value (Bui et al., 2023; Hamidah et al., 2023; Hirdinis, 2019), while others observed a negative impact (Akhmadi

et al., 2022; Dang & Do, 2021; Suhandi, 2021), or even no effect at all (Burhanudin et al., 2024; Gulo & Sivera, 2024). Similarly, regarding corporate growth, some studies confirm its significant positive contribution to firm value (Dang & Do, 2021; Fadilah & Anwar, 2025), whereas alternative empirical evidence indicates that growth opportunities fail to influence firm value significantly (Amelia et al., 2022; Oktasari et al., 2021). This unresolved empirical contradiction underscores the necessity of re-evaluating these dynamics within a specialized context.

The novelty of this study lies in resolving these empirical inconsistencies by examining the simultaneous and partial effects of capital structure and growth opportunities on firm value specifically within the F&B sector during the critical transition from the pandemic to the post-pandemic era (2019–2023). To ensure analytical precision, this study avoids ambiguous sample sizing by tracking 25 firm-year observations derived from 5 consistently active F&B companies that successfully passed the rigorous purposive sampling criteria.

Based on this background, the research questions are formulated as follows: (1) Do capital structure and growth opportunities partially influence firm value? (2) Do capital structure and growth opportunities simultaneously influence firm value in Food and Beverage companies listed on the Indonesia Stock Exchange during the 2019–2023 period? Accordingly, the purpose of this research is to evaluate and determine both the partial and simultaneous influences of capital structure and growth opportunities on firm value within the specified context.

METHODOLOGY

Research Design

This study uses a causal quantitative approach to examine the influence of capital structure and growth opportunities on firm value. The research method chosen is explanatory because it seeks to explain the clear causal relationships and test hypotheses between the variables under analysis.

Population and Sample

The population in this study comprises 83 food and beverage sector companies listed on the Indonesia Stock Exchange (IDX). The research sample was determined using a purposive sampling technique with strict, objective criteria to avoid selection bias. The inclusion criteria are as follows:

1. Actively listed on the IDX and did not experience delisting during the 2019–2023 period.
2. Published complete and continuous annual financial reports during the 2019–2023 period.
3. Did not experience prolonged trading suspension during the study period.
4. Consistently possessed the required research variable data (capital structure, growth opportunity, and firm value).
5. Consistently reported positive net profits (no net loss) during the 2019–2023 period to ensure financial consistency during the economic crisis.

The sample filtering process is detailed in Table 1.

Table 1. Purposive Sampling Selection Process

Selection Stage	Criteria Details	Number of Companies Remaining
population	All Food and Beverage sub-sector companies listed on the IDX	83
Criteria 1	Actively listed on the IDX during 2019–2023 (not delisted)	70
Criteria 2	Published complete annual financial reports for the period 2019–2023	40
Criteria 3	Did not experience prolonged trading suspension	30
Criteria 4	Complete data available for capital structure, growth opportunity, and firm value	15
Criteria 5	Consistently reported positive net profits (no net loss) during 2019–2023	5

Based on the strict criteria in Table 1, 5 companies met all requirements. Over the 5-year study period (2019–2023), this yielded a balanced panel dataset of 25 firm-year observations (5 companies * 5 years). The sampled companies are listed in Table 2.

Table 2. Research Sample

No	Issue Code	Company
1	CPIN	PT Charoen Pokhpand Indonesia Tbk
2	HOCKEY	PT Buyung Poetra Sembada Tbk
3	MYOR	PT Mayora Indah Tbk
4	TGKA	PT Tigaraksa Satria Tbk
5	ULTJ	PT Ultra Jaya Milk Industry & Trading Company Tbk

Source: idx, (2025)

Operational Definition of Variables

To ensure empirical clarity, the variables used in this study are operationally defined based on financial management concepts as follows:

1. Company Value (Y)

Firm value represents the market's perception of a company's overall financial health and future prospects. In this study, firm value is measured using the Price to Book Value (PBV) ratio, which compares the market price per share to its book value, indicating how much premium investors are willing to pay for the company's net assets.

2. Model Structure (X1)

Capital structure is the permanent mix and composition of a firm's long-term financing, consisting of long-term debt, preferred stock, and common equity. It is measured using the Debt to Equity Ratio (DER) to evaluate the proportion of debt relative to total shareholder equity.

3. Growth Opportunity (X2)

Growth opportunity refers to the firm's capacity to expand its productive asset base and generate corporate scale expansion in the future. In corporate finance, it is reflected

by the annual growth rate of the firm's total investment in assets, rather than non-financial operational changes.

The mathematical formulation and measurement scale for each variable are structured in Table 3.

Table 3. Operationalization of Variables

Variables	Operational Proxy / Measurement Formula	Scale
Company Value (Y)	$PBV = \frac{\text{Stock Price per Share}}{\text{Book Value per Share}}$	Ratio
Capital Structure (X ₁)	$\text{Debt to Equity} = \frac{\text{Total Debt}}{\text{Total Equity}}$	Ratio
Growth Opportunity (X ₂)	$GO = \frac{\text{Total Assets}_t - \text{Total Assets}_{t-1}}{\text{Total Assets}_{t-1}}$	Ratio

Data collection technique

The data collection technique used in this study is the documentation method. It involves gathering secondary data from audited annual financial statements of the selected F&B companies for the 2019–2023 period. All raw data were extracted directly from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the respective corporate investor relations publications.

Data Analysis Techniques

Statistical processing was executed quantitatively using Multiple Linear Regression analysis via SPSS version 20. The econometric evaluation consists of three main stages:

1. Descriptive Statistics

To observe the minimum, maximum, mean, and standard deviation of each variable.

2. Classical Assumption Tests

To ensure the regression model is a Best Linear Unbiased Estimator (BLUE) through Normality (Kolmogorov-Smirnov), Multicollinearity (VIF and Tolerance), Heteroscedasticity (Glejser test), and Autocorrelation (Durbin-Watson) testing.

3. Hypothesis Testing

To evaluate the partial effects using the t-test, simultaneous effects using the F-test, and the model's explanatory power using the Coefficient of Determination (R²).

RESULTS AND DISCUSSION

Research result

The description of the research results from each research variable, namely Capital Structure, Growth Opportunity, and Company Value in Manufacturing Companies in the Food and Beverage Sub-Sector on the Indonesia Stock Exchange in 2019-2023, is described in Table 4:

Table 4. Descriptive Statistics

Variables	Minimum	Maximum	Mean	Standard Deviation
PBV	,00	7.92	2.2365	2,89540
DER	,13	1.41	,6177	,34807
Growth Opportunity	-,14	,31	,0709	,11201

Source: BEI processed data (2025)

Based on Table 4, it can be explained as follows:

1. Capital Structure Variable shows a minimum value of 0.13 and a maximum value of 1.41, with an average (mean) of 0.6177 and a standard deviation of 0.34807. This indicates that there is considerable variation in the capital structure of manufacturing companies in the Food and Beverage subsector during the study period. Companies with low capital structure values may rely more on equity to finance their operations, while companies with high capital structure values rely more on debt. This variation indicates differences in financing strategies implemented by each company in managing risk and potential investment returns.
2. Growth Opportunity Variable has a minimum value of -0.14 and a maximum value of 0.31, with an average of 0.0709 and a standard deviation of 0.11201. This indicates that there is relatively little variation in the level of Growth Opportunity of manufacturing companies in the Food and Beverage subsector during the study period. A negative minimum value indicates that some companies experienced a decline in their growth opportunities, while a positive maximum value reflects the presence of companies with higher growth opportunities. A low average indicates that most companies in the sample do not have significant growth opportunities, but there is still variation in the potential for company expansion and development.
3. Firm Value Variable shows a minimum value of 0.00 and a maximum value of 7.92, with an average of 2.2365 and a standard deviation of 2.89540. A very low minimum value reflects the presence of companies that do not have a significant market value or are experiencing a drastic decline, while a high maximum value indicates the presence of companies with a large market value. A large standard deviation indicates significant fluctuations in Company Value, reflecting high variations among companies in the Food and Beverage sector. Before conducting regression analysis and hypothesis testing, a regression prerequisite test (classical assumption test) was first carried out, starting with a normality test, with the following results.

Table 5. Results of Data Normality Test: One-Sample Kolmogorov-Smirnov Test

		PBV	DER	Growth Opportunity
N		25	25	25
Normal Parameters ^a	Mean	2.2365	,6177	,0709
	Standard Deviation	2,89540	,34807	,11201
Most Extreme Differences	Absolute	,346	,142	,131
	Positive	,346	,142	,101
	Negative	-,220	-,079	-,131
Kolmogorov-Smirnov Z		1,728	,708	,657
Asymp. Sig. (2-tailed)		,005	,699	,781

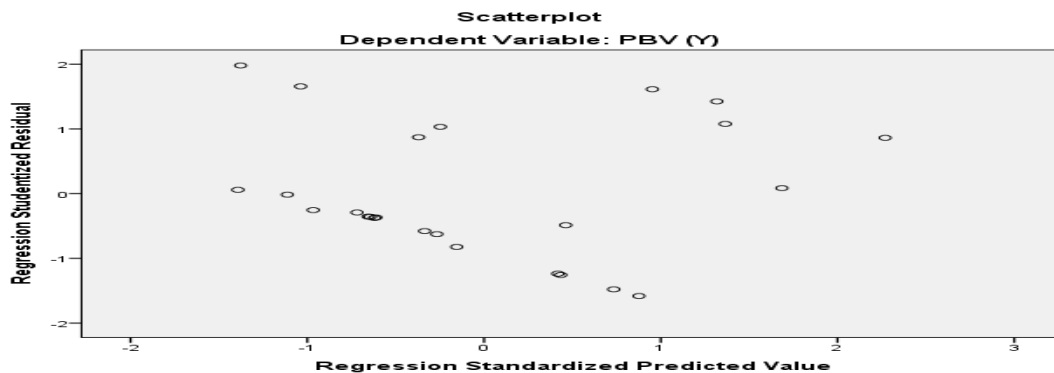
a. Test distribution is Normal.

b. Calculated from data.

Source: BEI processed data (2025)

Based on Table 5, the Kolmogorov-Smirnov (Test Statistic) value for the Capital Structure variable is 0.708, the Growth Opportunity variable is 0.657, and for the Company Value variable is 1.728, meaning that the residual data is normally distributed because it is > 0.05 .

The test continued with a heteroscedasticity test with the following results:

Figure 2. Test Results Heteroscedasticity

Source: BEI processed data (2025)

Based on Figure 2, it can be seen that the points do not form a clear pattern, and the points are spread above and below the number 0 on the Y-axis. So, it can be concluded that there is no heteroscedasticity problem in the regression model.

The test was continued with a multicollinearity test with the following results:

Table 6. Test Results Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
DER	,980	1,021
Growth Opportunity	,980	1,021

a. Dependent Variable: PBV (Y)

Source: BEI processed data (2025)

Based on the results of the multicollinearity test presented in Table 6, it can be seen that the Variance Inflation Factor (VIF) values for the Capital Structure and Growth Opportunity variables are 1.021, which is smaller than 10, and the Tolerance value for both variables is 0.980, which is greater than 0.10. This indicates that there are no significant symptoms of multicollinearity in the regression model, so the two independent variables are not strongly correlated with each other, and the regression model can be considered valid in this case.

Then, to determine whether there is autocorrelation or not, the Durbin-Watson test was carried out with the following results.

Table 7. Autocorrelation Test Results

Model	R	R Square	Adjusted R-Square	Standard Error of the Estimate	Durbin-Watson
1	,588 ^a	,346	,287	2.44558	1,946

a. Predictors: (Constant), Growth Opportunity, DER

b. Dependent Variable: PBV

Source: BEI processed data (2025)

Based on Table 7, the Durbin-Watson value is known to be 1.946, which lies between -2 and 2. So it can be explained that there is no autocorrelation interference.

After the regression prerequisite test is fulfilled, the test is continued with multiple regression analysis, with the results as can be seen in the table below:

Table 8. Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-,731	1,030		-,709	,486
DER	4,931	1,449	,593	3,403	,003
Growth Opportunity	-1,112	4,503	-,043	-,247	,807

a. Dependent Variable: PBV

Source: BEI processed data (2025)

Based on Table 8, the regression equation can be compiled as follows:

$$Y = -0.731 + 4.931 X_1 - 1.112 X_2$$

1. Constant value a = -0.731: This constant value shows that if all independent variables, namely Capital Structure and Growth Opportunity, have a value of zero, then the Company Value is estimated at -0.731.
2. Capital Structure regression coefficient = 4.931: This coefficient shows that every one unit increase in Capital Structure will cause an increase in the company's value by 4.931, assuming the other independent variables are constant.
3. Growth Opportunity regression coefficient = -1.112: This coefficient shows that every one unit increase in Growth Opportunity will cause a decrease of -1.112 in Company Value, assuming other independent variables are constant.

Based on Table 8, the following hypothesis testing can also be carried out:

The Effect of Capital Structure on Company Value

The Capital Structure variable obtained a calculated t value of 3.403 with a significance level of 0.003. The t-table value for N = 25 at a significance level of 5% is 2.060. Because the calculated t value (3.403) > t table (2.060) and the significance level (0.003) is less than 0.05, H₀ is accepted, and H_a is rejected. Thus, it can be concluded that Capital Structure has a significant effect on Company Value.

The Effect of Growth Opportunity on Company Value

The Growth Opportunity variable has a calculated t value of -0.247 with a significance level of 0.807. The t-table value for N = 25 at a significance level of 5% is 2.060. Because the calculated t value > t table (-0.247 < 2.060) and the significance level (0.807) is greater than 0.05, then H₀ is accepted and H_a is rejected. Thus, it can be concluded that Growth Opportunity does not have a significant influence on Company Value.

The Influence of Capital Structure and Growth Opportunity on Company Values

Based on the results of simultaneous testing, the following results were obtained.

Table 9. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	69,621	2	34,811	5,820	,009 ^b
Residual	131,579	22	5,981		
Total	201,200	24			

a. Dependent Variable: PBV

b. Predictors: (Constant), Growth Opportunity, DER

Source: BEI processed data (2025)

Based on the analysis results in Table 9, the calculated F value is 5.820 with a significance level of 0.009. The F table value for $N = 25$ is 2.99. Since the calculated $F > F$ table ($5.820 > 2.99$) and the significance level of $0.009 < 0.050$, then H_0 is accepted, and H_a is rejected. Thus, it can be concluded that Capital Structure and Growth Opportunity together have a significant influence on Firm Value.

Analysis of the Coefficient of Determination

The ability of the Capital Structure and Growth Opportunity variables to explain the Company Value variable can be seen from the results of the determination coefficient test as follows.

Table 10. Results of the Determination Coefficient Test

Model	R	R Square	Adjusted R-Square
1	,588 ^a	,346	,287

a. Predictors: (Constant), Growth Opportunity, DER

b. Dependent Variable: PBV

Source: BEI processed data (2025)

Based on Table 10, the value of the R Square of 0.346 indicates that the Capital Structure (X_1) and Growth Opportunity (X_2) variables simultaneously influence the Firm Value (Y) variable by 34.6%. The remaining 65.4% is influenced by other factors not examined in this study.

Discussion

Influence of Capital Structure on Company Values

The econometric results demonstrate that Capital Structure has a positive and significant effect on Firm Value. This empirical finding is rigorously supported by the statistical evaluation, where the calculated t-value of 3.403 strictly exceeds the critical t-table threshold of 2.060 ($3.403 > 2.060$) at a 5% significance level, accompanied by a robust p-value of 0.003 ($0.003 < 0.05$). Consequently, H_0 is rejected, and H_a is accepted, validating that strategic shifts in corporate financing compositions directly dictate market valuation. This finding is highly aligned with previous empirical studies conducted by (Bui et al., 2023; Hamidah et al., 2023; Hirdinis, 2019), who similarly concluded that capital structure choices serve as a powerful determinant of market value.

According to the Trade-Off Theory, companies evaluate a delicate equilibrium between the tax shield advantages of debt financing and the deadweight costs of potential financial distress. In the context of the Food and Beverage (F&B) sector listed on the IDX during the pandemic, the positive coefficient indicates that these firms were still operating below their optimal debt capacity threshold. The interest expenses incurred from debt served as a tax-deductible expense, which effectively shielded corporate cash flows from heavy taxation and increased the net earnings available to equity holders. This tax shield efficiency generated positive signals to the capital market, prompting investors to accord a higher valuation premium to firms utilizing structural leverage.

Furthermore, this dynamic reflects a strategic adaptation of the Pecking Order Theory under macroeconomic stress. During the COVID-19 pandemic and the subsequent enforcement of PPKM (2019–2022), F&B companies faced immediate cash

flow contractions due to logistics disruptions and temporary declines in consumer purchasing power. Under the Pecking Order hierarchy, when internal retained earnings are insufficient to cover operational deficits, firms turn to safe external debt before considering highly dilutive equity issuance.

By strategically securing debt, the sampled F&B firms (such as CPIN, MYOR, and ULJJ) demonstrated to the market that they possessed high creditworthiness and capacity to meet long-term obligations despite ongoing revenue shocks. Rather than interpreting debt as a sign of weakness, capital market investors recognized it as a robust corporate financing strategy designed to preserve liquidity and maintain supply-chain continuity. Consequently, a well-proportioned capital structure successfully established a balance between operational risk and financial return, mitigating investor anxiety, improving corporate efficiency, and ultimately driving a recovery in firm value as the sector transitioned into the post-pandemic phase in 2023.

Influence Growth Opportunity to Company Values

The empirical findings reveal that Growth Opportunity does not have a significant influence on Firm Value. This conclusion is statistically verified by the t-test evaluation, where the absolute calculated t-value of -0.247 is substantially smaller than the critical t-table threshold of 2.060 ($-0.247 < 2.060$) at a 5% significance level. Furthermore, the observed p-value of 0.807 is significantly higher than the standard alpha threshold ($0.807 > 0.05$). Consequently, H_0 is accepted, and H_a is rejected, confirming that annual variations in asset expansion failed to act as a significant driver for market valuation changes during the studied period. This outcome is highly consistent with previous research by (Amelia et al., 2022; Oktasari et al., 2021), who also established that high growth prospects do not automatically yield a superior market premium.

Under Signalling Theory, corporate actions—such as heavy investments in asset growth—are expected to transmit positive signals to the market regarding the firm's future cash flow viability. However, during a prolonged crisis, the market's reception of these signals changes drastically. Between 2019 and 2022, the enforcement of public restrictions (PPKM) disrupted logistics, closed retail channels, and suppressed domestic consumption. In this highly unpredictable economic climate, aggressive asset expansion (which is the core metric of growth opportunity in this study) was no longer interpreted by investors as a positive signal of future prosperity. Instead, the capital market perceived massive capital expenditure on new assets as a high-risk operational burden that could drain corporate liquidity and create idle capacity.

Furthermore, during severe market downturns, investor behavior shifts from growth-oriented to survival-oriented. Investors listed on the IDX prioritized short-term financial resilience and immediate liquidity over long-term, unmaterialized corporate expansion projects. The fact that the sampled F&B firms increased their asset bases did not impress the market because high growth opportunities do not guarantee immediate net cash inflows during a pandemic. Investors were deeply aware of the operational risks, structural bottlenecks, and rising production costs required to realize those expansions under a weakened economy. Therefore, the potential for expansion was heavily discounted by the market, causing the growth opportunity variable to lose its statistical relevance in dictating the ups and downs of F&B firm value throughout this volatile five-year cycle.

Influence Capital Structure and Growth Opportunity on Company Values

The econometric evaluation demonstrates that Capital Structure and Growth Opportunity simultaneously exert a significant influence on Firm Value. This joint effect is rigorously validated by the F-test results, where the calculated F-value of 5.820 clearly exceeds the critical F-table threshold of 2.99 ($5.820 > 2.99$). Moreover, the simultaneous significance level is recorded at 0.009, which is substantially below the standard alpha threshold ($0.009 < 0.05$). Consequently, H_0 is rejected and H_a is accepted, proving that the interaction between financial leveraging strategies and asset expansion prospects serves as a collective determinant of market valuation on the IDX. This finding aligns with the empirical evidence presented by Fitri et al. (2022) as well as Nathanael & Panggabean (2020), who concluded that the market does not evaluate financing and investment decisions in isolation, but rather synthesizes them into a single corporate outlook.

While partial testing revealed that growth opportunities alone were heavily discounted by the market due to crisis-induced anxieties, the simultaneous model tells a completely different story. Under Signalling Theory, a company sends a complete package of financial information to the public. In this study, the combination of a well-managed capital structure and existing growth opportunities creates a highly powerful, synergistic signal to the market. When an F&B firm maintains a robust debt-to-equity composition, it signals to investors that the firm possesses the institutional backing and structural credibility to fund its ongoing operations. When this financial stability is paired with measurable growth opportunities (asset expansion), investors interpret the expansion not as a reckless liquidity drain, but as a calculated, well-funded strategic move.

From an investor's portfolio perspective during the volatile 2019–2023 period, this joint mechanism successfully mitigated investment risks. A balanced capital structure provided the immediate financial cushioning and liquidity needed to survive short-term macroeconomic shocks (such as PPKM and supply chain disruptions). Concurrently, the growth opportunity variable offered a roadmap for future profitability once the crisis dissolved.

The synergy of these two pillars effectively satisfied the market's demand for both current resilience and future growth potential. By demonstrating a disciplined financing structure alongside tangible productive assets, the sampled F&B firms (such as CPIN, MYOR, and UL TJ) successfully built institutional trust, reduced information asymmetry, and reinforced market confidence. Ultimately, this dual reassurance convinced capital market investors of the firms' capability to generate long-term, sustainable returns, which directly and positively drove the recovery of their corporate value.

CONCLUSION

This study concludes that during the volatile 2019–2023 period, capital structure exerts a positive and significant influence on the firm value of Food and Beverage (F&B) companies listed on the Indonesia Stock Exchange (IDX). This underscores that disciplined debt-to-equity management acts as a powerful determinant in elevating market valuation. Conversely, growth opportunities fail to significantly impact firm value, indicating that aggressive asset expansion is heavily discounted and not prioritized by investors during macroeconomic crises. Nevertheless, when evaluated simultaneously, capital structure and growth opportunities significantly dictate firm value, contributing

34.6% to its variance. This joint effect demonstrates a critical empirical synergy, proving that the capital market values long-term expansion potential only when it is backed by a robust and credible financing strategy.

In terms of academic implications, these findings enrich the literature on dynamic corporate finance during financial distress by showing that the applicability of the Trade-Off Theory and Signalling Theory shifts during a crisis. It demonstrates that the market alters its reception of corporate signals, where growth signals become secondary to immediate liquidity and structural safety indicators. From a managerial and practical standpoint, these results suggest that rather than pursuing aggressive scaling and asset acquisition during volatile eras, corporate managers must prioritize maintaining an optimal debt-to-equity ratio to protect liquidity and sustain market confidence. Concurrently, for capital market investors, this study implies that assessing a firm's structural leverage provides a more reliable metric for securing returns during downturns than relying on unmaterialized corporate expansion projects.

Despite these insights, the scope of this empirical study is fundamentally constrained by its focus on a specific five-year window (2019–2023) and a small sample size consisting of only five consistently active F&B companies, which limits the generalizability of the findings across the entire manufacturing sector. Additionally, the regression model only accounts for capital structure and growth opportunities, leaving 65.4% of the variance in firm value unexplained. Therefore, future researchers are highly encouraged to expand the sample size by broadening the sector coverage and extending the observation timeline to capture full post-pandemic recovery patterns. Furthermore, integrating additional financial variables, such as corporate profitability, liquidity ratios, or dividend policies, alongside macroeconomic control indicators like inflation and interest rates, would provide a more comprehensive and holistic framework for predicting firm value dynamics in the Indonesian capital market.

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