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Does Firm Growth Strengthen the Effect of Profitability and Liquidity on Firm Value? Empirical Evidence from Consumer Non-Cyclicals Firms in Indonesia

(Apakah Pertumbuhan Perusahaan Memperkuat Pengaruh Profitabilitas dan Likuiditas terhadap Nilai Perusahaan? Bukti Empiris pada Perusahaan Consumer Non-Cyclicals di Indonesia)

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Abstract

This study aims to analyze the effect of profitability and liquidity on firm value, with firm growth serving as a moderating variable, in consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The study employed a quantitative research approach using secondary data obtained from the annual financial reports of listed companies. A purposive sampling technique was applied to select companies that met the predetermined criteria, resulting in a final sample of 52 companies with a total of 156 observations over the three-year period. Data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach with SmartPLS version 3.2.9. The findings reveal that profitability has a positive and significant effect on firm value, indicating that companies with higher profitability tend to achieve higher market valuations. Conversely, liquidity has a negative and significant effect on firm value, suggesting that excessive liquidity may be perceived as inefficient asset utilization by investors. Furthermore, firm growth does not have a significant effect on firm value. The moderation analysis also demonstrates that firm growth is unable to strengthen or weaken the relationship between profitability and firm value, as well as between liquidity and firm value. These findings provide empirical evidence regarding the determinants of firm value and contribute to the financial management literature by highlighting the limited moderating role of firm growth in consumer non-cyclicals companies.

Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh profitabilitas dan likuiditas terhadap nilai perusahaan dengan pertumbuhan perusahaan sebagai variabel moderasi pada perusahaan sektor consumer non-cyclicals yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021–2023. Penelitian ini menggunakan pendekatan kuantitatif dengan memanfaatkan data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan. Teknik pengambilan sampel dilakukan menggunakan metode purposive sampling berdasarkan kriteria tertentu sehingga diperoleh 52 perusahaan sebagai sampel penelitian dengan total 156 observasi selama tiga tahun pengamatan. Analisis data dilakukan menggunakan metode Partial Least Squares–Structural Equation Modeling (PLS-SEM) dengan bantuan perangkat lunak SmartPLS versi 3.2.9. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh positif dan signifikan terhadap nilai perusahaan, yang mengindikasikan bahwa semakin tinggi tingkat profitabilitas perusahaan maka semakin tinggi pula nilai perusahaan di mata investor. Sebaliknya, *likuiditas berpengaruh negatif dan signifikan terhadap nilai perusahaan, yang menunjukkan bahwa tingkat likuiditas yang terlalu tinggi dapat dipersepsikan sebagai penggunaan aset yang kurang efisien. Selain itu, pertumbuhan perusahaan tidak berpengaruh signifikan terhadap nilai perusahaan. Hasil analisis moderasi juga menunjukkan bahwa pertumbuhan perusahaan tidak mampu memperkuat maupun memperlemah hubungan antara profitabilitas dan nilai perusahaan serta hubungan antara likuiditas dan nilai perusahaan. Temuan penelitian ini memberikan bukti empiris mengenai faktor-faktor yang memengaruhi nilai perusahaan serta menunjukkan bahwa pertumbuhan perusahaan belum mampu berperan sebagai variabel moderasi pada perusahaan sektor consumer non-cyclicals di Indonesia.*

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1. INTRODUCTION

The capital market is one of the key pillars of the national financial system, serving as a source of funding for companies and an investment vehicle for the public. In Indonesia, capital market activities are managed by the Indonesia Stock Exchange (IDX), which listed more than 900 issuers as of 2023 (IDX, 2023). One of the strategic sectors on the IDX is the consumer non-cyclicals sector, which includes essential goods such as food, beverages, pharmaceuticals, and household goods. This sector is known for its defensive nature because demand remains relatively stable even as economic conditions fluctuate, making it a common choice for long-term investments (Ganggi et al., 2023). Company valuations in this sector serve as a key barometer for investors in assessing issuers' prospects and resilience against economic cycles, particularly amid the post-pandemic market dynamics marked by uncertainty.

Nevertheless, the consumer non-cyclicals sector experienced a downward trend in stock prices during the 2021-2023 period. Based on IDX data, the average stock price in this sector declined consistently over three consecutive years, as shown in the following graph.

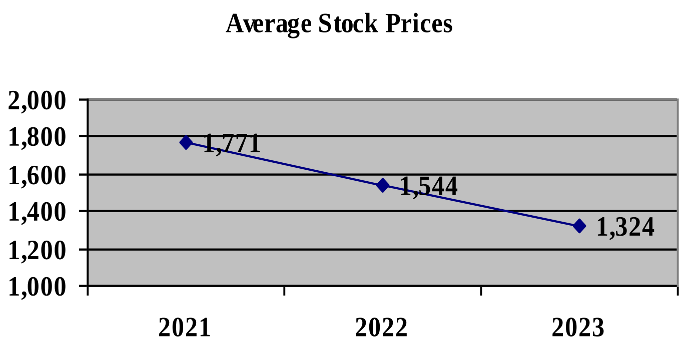

Figure 1. Average Stock Prices in the Consumer Non-Cyclicals Sector for the 2021-2023 Period (in IDR)
Source: Indonesia Stock Exchange (processed data, 2025)

The chart above shows that the average stock price of companies in the consumer non-cyclicals sector stood at Rp1,771 in 2021, then fell to Rp1,544 in 2022, and dropped further to Rp1,324 in 2023, a decline of approximately 25% over the past three years. This decline indicates that although the consumer non-cyclicals sector is known as a defensive sector because it provides basic necessities that tend to remain in demand under various economic conditions, this sector still faced significant pressure during the study period. This situation reflects that a sector's defensive nature does not always ensure the stability of a company's value when the company faces macroeconomic pressures and sustained increases in operating costs.

Pressure on company stock prices is influenced by various external factors, such as an uneven post-pandemic economic recovery, high inflation rates during the 2022-2023 period, rising fuel prices, increased distribution and logistics costs, and tobacco excise tax hikes that have led to higher operational costs for companies (Irwansyah et al., 2023; Wartoyo et al., 2024; Tanjung & Mubarak, 2025). Additionally, rising costs of raw materials and distribution have eroded companies' net profits, leading to decreased profitability and weakening investor confidence in issuers within the non-cyclicals consumer sector (Barsyah & Hermi, 2025).

The decline in stock prices within the consumer non-cyclicals sector also indicates that investors are not only considering the sector's defensive nature but are also paying attention to companies' ability to maintain financial performance amid economic pressures. Investors tend to be more selective in assessing a company's prospects, particularly regarding its ability to generate profits, maintain cash flow stability. control operational costs, and sustain business growth. When a company fails to demonstrate stable financial performance, the market responds negatively through falling stock prices. Therefore, changes in stock prices can reflect the level of investor confidence in a company's ability to create value and ensure business sustainability in the future.

A company's value reflects the market's perception of management's performance in managing resources and the company's future prospects. According to Indriarini (2019), a company's value is not only reflected in stock prices but also illustrates the level of investor confidence in the company's ability to create value and sustain long-term growth. The higher the company's value, the greater the market's confidence in the company's future prospects. Conversely, a decline in corporate value may indicate a decline in the company's performance or an increase in risks perceived by investors. Corporate value plays a crucial role for various stakeholders, such as investors, creditors, suppliers, employees, consumers, and the public. The level of a company's value also reflects the extent to which management can effectively manage the company's financial condition and resources, thereby building stakeholder confidence in the company's sustainability (Monoarfa et al., 2023). Indicators such as Price to Book Value (PBV) and Tobin's Q frequently used to measure the market's valuation of a company.

Internal company factors are a key aspect influencing corporate value, particularly profitability and liquidity. Profitability reflects a company's ability to generate profits through the management of its assets, capital, and investments, while liquidity indicates a company's ability to meet its short-term obligations. From the perspective of signaling theory proposed by Michael Spence, high profitability and healthy liquidity conditions can serve as positive signals to investors regarding the company's future prospects (Spence, 1973). Additionally, agency theory, developed by Michael C. Jensen and William H. Meckling. explains that differences in interests between management and shareholders can lead to agency problems, thereby requiring management to manage the company's resources optimally to enhance corporate value (Habi et al., 2025; Jensen & Meckling, 1976). These two theories are interrelated, whereby management acting in the shareholders' best interests will be motivated to improve profitability and maintain optimal liquidity, which in turn sends positive signals to the market and boosts corporate value.

However, previous research findings regarding the influence of profitability and liquidity on firm value remain inconsistent. Rachman (2024) found that profitability has a significant positive effect on firm value, whereas liquidity has a non-significant negative effect. Conversely, Ulya and Sunarto (2024) found that profitability has no significant effect, while liquidity has a significant positive effect on firm value. Other studies also show mixed results, with some indicating that profitability has a positive effect on firm value (Damayanti & Sucipto, 2022; Tarigan et al., 2023), while others report differing findings (Riski & Nurhayati, 2024). A similar pattern is observed for the liquidity variable, where some studies found a positive effect (Pulukadang et al., 2024; Reschiwati et al., 2020; Wahyuningrum & Sunarto, 2023), while others showed a negative effect (Awalinda et al., 2025).

The inconsistency in these research results indicates the presence of other factors that may influence the relationship between profitability, liquidity, and firm value, namely firm growth. Firm growth is viewed as a positive signal regarding the future prospects and sustainability of a business because it reflects the company's ability to increase sales, profits, and corporate assets (Ariffianto & Takarini, 2024; Nurwulandari, 2021). Several studies suggest that firm growth can strengthen the influence of profitability on firm value (Sinaga & Hermie, 2023; Rahmawati & Sulistyowati, 2023), yet other research finds that firm growth fails to moderate this relationship (Aprilia et al., 2024; Atrianingsih & Nyale, 2022). These differences may be attributed to the quality of growth experienced by companies. Growth that is not accompanied by improved operational efficiency does not necessarily result in increased value for shareholders. In the consumer non-cyclicals sector for the 2021-2023 period, sales growth was driven more by price increases due to inflation than by real volume growth, so it does not fully reflect the quality of the company's growth. This situation makes it worthwhile to test firm growth as a moderating variable, as it may not necessarily be viewed positively by investors.

Based on these phenomena and research gaps, this study aims to analyze the influence of profitability and liquidity on firm value, with firm growth as a moderating variable, among companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. This study is expected to contribute academically to the development of financial management literature and provide practical implications for investors, company management, and policymakers in understanding the factors that influence firm value.

2. RESEARCH METHOD

This study employs a quantitative approach as it focuses on hypothesis testing using variables that can be measured numerically. The data utilized are secondary data sourced from financial statements and annual reports of the companies, obtained through the official website of the Indonesia Stock Exchange (www.idx.co.id) as well as the official websites of each respective company during the 2021-2023 period.

The study population includes all 128 publicly listed companies in the consumer non-cyclicals sector registered on the Indonesia Stock Exchange. The method used to determine the sample is purposive sampling, a technique for selecting a sample based on specific criteria aligned with the research objectives. This technique allows for selective sample selection to obtain data most relevant to the study. From the selection process, this study uses 52 companies as the sample, yielding a total of 156 data observations, calculated by multiplying the number of companies by the three-year study period.

The independent variables in this study are Profitability, proxied by Return on Asset, Return on Equity, and Return on Investment, as well as Liquidity, proxied by Current Ratio, Quick Ratio, and Cash Ratio. Meanwhile, the dependent variables are Firm Value, proxied by Price to Book Value and Tobin's Q, and the moderating variables are Firm Growth, proxied by Sales Growth, Earning Growth, and Asset Growth. Data analysis was conducted using Partial Least Squares - Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software, as well as Moderated Regression Analysis (MRA) to test the moderating effects.

3. RESULTS AND DISCUSSION

3.1 Measurement Model Evaluation (Outer Model)

3.1.1 Convergent Validity

The Outer Loadings value for an indicator is expected to reach ≥ 0.7 as the ideal threshold in the test. The following are the results of the Outer Loadings test conducted in this study.

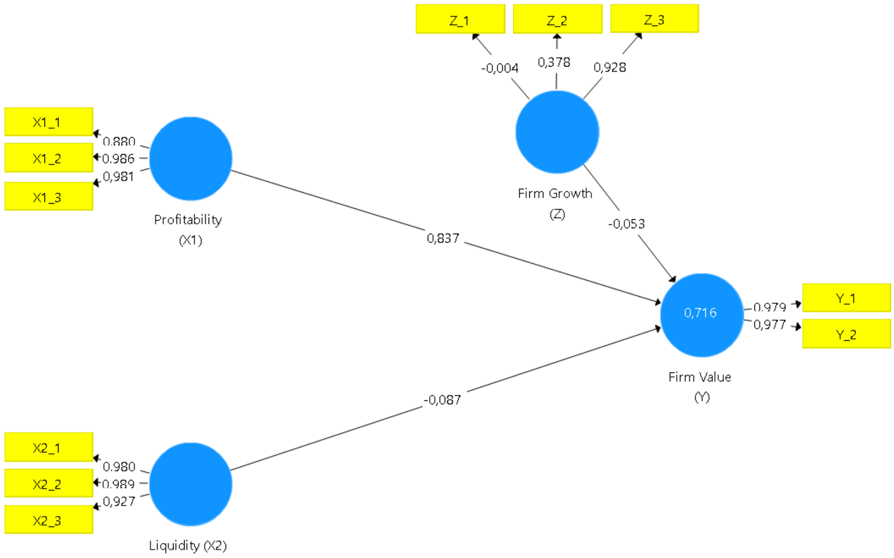

Figure 2. Research Model

Source: Data processed in SmartPLS, 2026

Based on the figure, the test results show that there are still several indicators with Outer Loadings values below the ≥ 0.7 criterion. These indicators include Z.1 with a value of -0.004 and Z.2 with a value of 0.378. Therefore, these indicators need to be removed. The following is the model after the indicator elimination process.

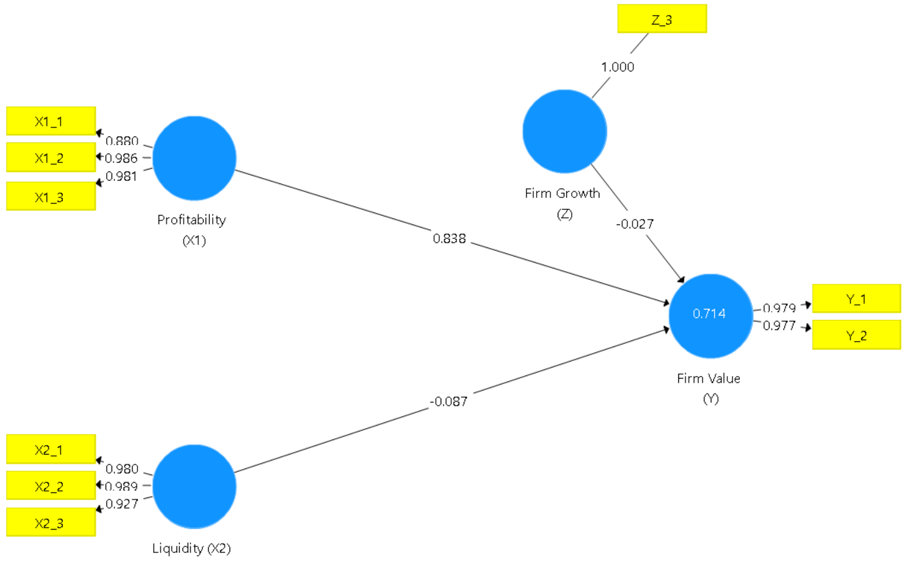

Figure 3. Research Model After Elimination

Source: Data processed in SmartPLS, 2026

The figure above shows the results of the second data processing; by eliminating several indicators that did not meet the criteria, all remaining indicators now meet the required criteria. The results of the Convergent Validity test show that all Outer Loadings values for each indicator are above 0.7. Indicators such as Return on Assets (X1.1), Return on Equity (X1.2), Return on Investment (X1.3), Current Ratio (X2.1), Quick Ratio (X2.2), Cash Ratio (X2.3), Price to Book Value (Y.1), Tobin's Q (Y.2), and Asset Growth (Z.3) are deemed capable of adequately representing their respective constructs. Therefore, this model is deemed suitable to proceed to the next stage of analysis.

Convergent Validity can also be assessed through the Average Variance Extracted (AVE) value, a measure indicating the extent to which an indicator's variance is explained by the construct. A good AVE value is greater than 0.50, meaning the construct explains more than 50% of the indicator's variance.

Table 1. Construct Reliability and Validity

	Average Variance Extracted (AVE)
Liquidity (X2)	**0.933**
Firm Value (Y)	**0.956**
Firm Growth (Z)	**1.000**
Profitability (X1)	**0.903**

Source: Data processed in SmartPLS, 2026

Based on the test results, all constructs in this study have an Average Variance Extracted (AVE) value above 0.50. This is consistent with Hair et al. (2022), who state that a good AVE value must exceed 0.50. Thus, each construct in this study is considered capable of adequately explaining the variance of its indicators.

3.1.2 Discriminant Validity

Discriminant Validity is a test aimed at ensuring that each construct in the model exhibits sufficient differentiation from the other constructs. In other words, the indicators of a latent variable should be better able to explain their own construct compared to other constructs.

The square root of the AVE values is used to test discriminant validity via the Fornell-Larcker criterion by comparing the square root of each construct's AVE with the interconstruct correlations. A construct is said to have good Discriminant Validity if the square root of each construct's AVE is greater than the correlation values between constructs in the model. This indicates that the construct has a better ability to explain the variance of its own indicators and can clearly distinguish itself from other constructs in the study.

Table 2. Discriminant Validity Fornell-Larcker Criterion

	Liquidity (X2)	Firm Value (Y)	Firm Growth (Z)	Profitability (X1)
Liquidity (X2)	0.966			
Firm Value (Y)	-0.120	0.978		
Firm Growth (Z)	-0.004	-0.097	1.000	
Profitability (X1)	-0.040	0.843	-0.084	0.950

Source: Data processed in SmartPLS, 2026

Based on the test results, the square root of each construct's AVE is higher than the correlation values between other constructs. This indicates that each construct has met the Discriminant Validity criteria based on the Fornell-Larcker Criterion.

Additionally, the Discriminant Validity test is further supported by the HTMT (Heterotrait-Monotrait Ratio) method, where the HTMT value must be below a certain threshold (generally < 0.90 or < 0.85) for the constructs to be empirically distinct. With both criteria met, the research model can be said to possess good Discriminant Validity.

Table 3. Discriminant Validity HTMT

	Liquidity (X2)	Firm Value (Y)	Firm Growth (Z)	Profitability (X1)
Liquidity (X2)				
Firm Value (Y)	**0.121**			
Firm Growth (Z)	**0.020**	**0.097**		
Profitability (X1)	**0.151**	0.878	**0.131**	

Source: Data processed in SmartPLS, 2026

Based on the test results, all HTMT values between constructs are below the 0.90 threshold, so it can be concluded that each construct has met the Discriminant Validity criteria based on the HTMT method.

3.1.3 Construct Reliability

Reliability testing is conducted to measure the extent to which indicators are consistent in measuring a construct. In PLS-SEM, reliability is typically assessed through Cronbach's Alpha and Composite Reliability.

Cronbach's Alpha is used to measure the level of internal consistency of indicators within a single construct. The recommended value is above 0.70, indicating that the indicators have a good level of reliability. Meanwhile, Composite Reliability is considered more accurate in PLS-SEM because it accounts for the outer loading values of each indicator, with a criterion that the value must also be above 0.70.

Table 4. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Liquidity (X2)	**0.965**	**1.012**	**0.977**	**0.933**
Firm Value (Y)	**0.954**	**0.957**	**0.978**	**0.956**
Firm Growth (Z)	**1.000**	**1.000**	**1.000**	**1.000**
Profitability (X1)	**0.946**	**0.972**	**0.965**	**0.903**

Source: Data processed in SmartPLS, 2026

Based on the test results, all constructs in this study have Cronbach's Alpha and Composite Reliability values above 0.70; thus, it can be concluded that every variable in this study has met the reliability criteria and is deemed reliable.

3.2 Structural Model Evaluation (Inner Model)

Structural model evaluation (inner model) in SmartPLS is an analytical step used to assess and understand the relationships among latent variables within a research model. This model serves to test previously formulated hypotheses, particularly regarding the influence among latent constructs, thereby illustrating the direction of relationships and causal links among these latent variables.

3.2.1 Coefficient of Determination (R-Square)

The coefficient of determination (R-Square) is used to measure the ability of independent variables to explain the dependent variable. The R-Square (R^2) value indicates the proportion of variation in the dependent variable that can be explained by the independent variables in the model; the higher the value, the better the model's explanatory power.

Table 5. R-Square

	R Square	R Square Adjusted
Firm Value (Y)	0.720	0.714

Source: Data processed in SmartPLS, 2026

Based on the test results, the R-Square (R^2) value for the Firm Value variable is 0.714. This indicates that 71.4% of the variation in firm value can be explained by the independent variables in the model, namely profitability and liquidity. Meanwhile, the remaining 28.6% is explained by other variables outside the research model. An R^2 value of 0.714 falls into the moderate category, so it can be concluded that the model has good ability in explaining the dependent variable.

3.2.2 Effect Size (f-Square)

Effect size (f-Square) is used to assess the contribution of each independent variable to the dependent variable in a structural model. The f^2 value indicates the change in R-Square when a variable is removed from the model, with criteria of 0.02 (small), 0.15 (moderate), and 0.35 (large).

Table 6. f-Square

	Firm Value (Y)
Liquidity (X2)	0.027
Firm Value (Y)	
Firm Growth (Z)	**0.003**

Profitability (X1)	**2.482**

Source: Data processed in SmartPLS, 2026

Based on the results of the f-Square (f^2) test, the contribution of each variable to Firm Value (Y) can be determined. The Profitability variable (X1) has an f^2 value of 2.482, which falls into the large category, meaning that the profitability variable has a very strong influence on firm value. Furthermore, Liquidity (X2) has an f^2 value of 0.027, which falls into the small category, meaning that liquidity has a relatively weak influence on firm value.

3.2.3 Hypothesis Testing Results

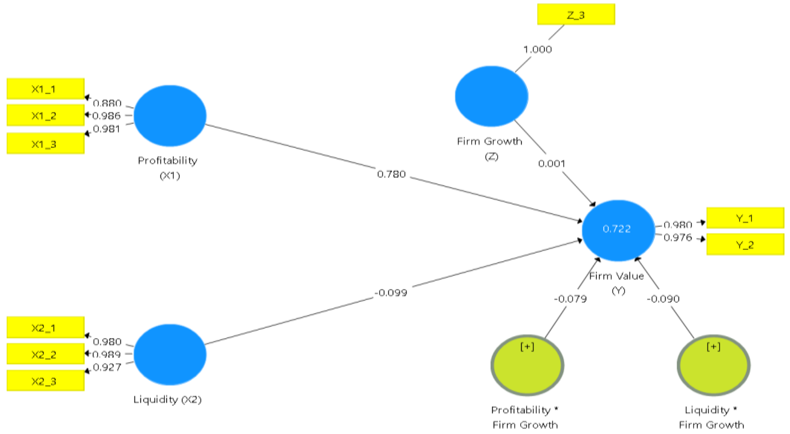

Figure 4. Full Research Model

Source: Data processed in SmartPLS, 2026

Hypothesis testing in this study was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method to determine the relationships between variables, evaluated through path coefficients and their significance levels. This study used a significance level of 5% (0.05) as the basis for decision-making. The determination of whether a hypothesis is accepted or rejected is based on the p-value; if the p-value is < 0.05, the alternative hypothesis (H_a) is accepted, indicating a significant effect, whereas if the p-value is ≥ 0.05, the null hypothesis (H_0) is accepted, meaning the relationship between variables is not significant.

Table 7. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Profitability (X1) -> Firm Value (Y)	0.780	0.756	0.094	8.279	**0.000**
Liquidity (X2) -> Firm Value (Y)	-0.099	-0.099	0.041	2.383	**0.018**
Liquidity * Firm Growth -> Firm Value (Y)	-0.090	-0.089	0.064	1.402	**0.161**
Profitability * Firm Growth -> Firm Value (Y)	-0.079	-0.096	0.096	0.822	**0.411**
Firm Growth (Z) -> Firm Value (Y)	0.001	-0.003	0.046	0.027	**0.979**

Source: Data processed in SmartPLS, 2026

Based on the test results above, the following conclusions are drawn:

1) Profitability (X1) has a coefficient value of 0.780 with a p-value of 0.000 (< 0.05), meaning profitability has a positive and significant effect on firm value. This implies that as profitability increases, firm value also increases. Therefore, H_0 is rejected and H_1 is accepted.
2) Liquidity (X2) has a coefficient value of -0.099 with a p-value of 0.018 (< 0.05), indicating that liquidity has a negative and significant effect on firm value. This suggests that an increase in liquidity is actually accompanied by a decrease in firm value. Therefore, H_0 is rejected and H_2 is accepted.
3) Firm Growth (Z) has a coefficient value of 0.001 with a p-value of 0.979 (> 0.05), indicating that firm growth does not have a significant effect on firm value. Therefore, H_0 is accepted and H_3 is rejected.

3.2.4 Moderated Regression Analysis

1) The interaction between Profitability and Firm Growth (X1×Z) has a coefficient of -0.079 with a p-value of 0.411 (> 0.05), so it can be concluded that firm growth does not moderate the effect of profitability on firm value. Therefore, H_0 is accepted and H_4 is rejected.

2) The interaction between Liquidity and Firm Growth (X2×Z) has a coefficient of -0.090 with a p-value of 0.161 (> 0.05), which means that firm growth is also unable to moderate the relationship between liquidity and firm value. Therefore, H_0 is accepted and H_5 is rejected.

3.3 The Effect of Profitability on Firm Value

The test results indicate that profitability has a positive and significant effect on firm value (coefficient = 0.780; p-value = 0.000). This suggests that the higher a firm's profitability, the higher its value. Profitability, measured through ROA, ROE, and ROI, directly reflects a company's ability to generate profits from its assets, equity, and operations. Companies with high after-tax earnings and efficient asset management send a positive signal to investors because they demonstrate that every asset held contributes to profits, thereby enhancing market valuation as reflected in increases in PBV and Tobin's Q.

These findings align with the research by Damayanti and Sucipto (2022) and Tarigan et al. (2023), which states that high profitability drives an increase in a company's value through heightened investor interest, and supports signaling theory and agency theory. This condition is evident in sample companies such as Victoria Care Indonesia Tbk (VICI) and Nippon Indosari Corpindo Tbk (ROTI), where increased profitability is consistently followed by an increase in market valuation.

3.4 The Effect of Liquidity on Firm Value

Test results indicate that liquidity has a negative and significant effect on firm value (coefficient = -0.099; p-value = 0.018). This means that the higher a firm's liquidity level, the more it tends to reduce firm value. Excessively high liquidity reflects the presence of idle cash or over-conservatism in the management of current assets. This condition reduces the efficiency of resource utilization and sends a negative signal to investors.

This phenomenon is evident in several sample companies, such as PP London Sumatra Indonesia Tbk (LSIP) and Prima Cakrawala Abadi Tbk (PCAR), where high liquidity levels were not accompanied by an increase in firm value. From the perspectives of signaling theory and agency theory, excessive liquidity levels serve as a negative signal reflecting potential inefficiencies and agency conflicts. This finding aligns with Awalinda et al. (2025), who emphasize the importance of maintaining a balanced level of liquidity so that companies can continue to meet their obligations while optimizing asset utilization.

3.5 The Effect of Firm Growth on Firm Value

Test results indicate that firm growth does not significantly affect firm value (coefficient = 0.001; p-value = 0.979). This relationship can be explained through the concept of growth quality, where growth is not merely measured by increases in sales, profits, or asset, but also by the firm's ability to manage these efficiently. Growth that is not accompanied by increased profitability or operational efficiency does not reflect quality performance and therefore does not increase corporate value. During the 2021–2023 period, corporate growth was more influenced by external factors such as post-pandemic recovery and inflation, resulting in inconsistent growth that did not provide a sufficiently strong signal to investors.

This is evident in several sample companies such as Charoen Pokphand Indonesia Tbk (CPIN) and Indofood CBP Sukses Makmur Tbk (ICBP), where sales growth was not always accompanied by profit growth. The lack of synchronization between growth components meant that growth did not send a strong signal to investors. This finding aligns with Santoso and Junaeni (2022), but does not align with Metasari and Hikmah (2024) and Limajatini et al. (2025).

3.6 The Moderating Role of Firm Growth on the Relationship Between Profitability and Firm Value

Test results indicate that firm growth fails to moderate the effect of profitability on firm value (interaction coefficient = -0.079; p-value = 0.411). Profitability, as measured by ROA, ROE, and ROI, is already sufficiently strong in directly influencing investor perceptions, so the presence of growth does not provide a significant additional effect. Investors tend to focus on a company's fundamental ability to generate profits without considering growth as a reinforcing factor.

This condition is evident in Unilever Indonesia Tbk (UNVR), which has high and stable profitability with a high firm value, even though growth tends to be low or even negative. Additionally, in Mayora Indah Tbk (MYOR), increased profitability was not accompanied by a rise in firm value amid unstable growth. This indicates that firm growth has not yet been able to strengthen the relationship between profitability and firm value. These results are consistent with Aprilia et al. (2024).

3.7 The Moderating Role of Firm Growth on the Relationship Between Liquidity and Firm Value

The test results indicate that firm growth does not moderate the effect of liquidity on firm value (interaction coefficient = -0.090; p-value = 0.161). Growth that merely reflects an expansion in business scale without operational efficiency has not yet provided added value for investors. Investors focus more on the quality of liquidity management directly rather than considering growth as a moderating factor. Investors' risk aversion during periods of economic uncertainty further reinforces the direct role of liquidity in firm value.

This is evident in Campina Ice Cream Industry Tbk (CAMP), which has high liquidity but has not seen an increase in firm value because current assets have not been optimally utilized. Additionally, at Sariguna

Primatirta Tbk (CLEO), growth in assets, profits, and sales resulting from expansion has also failed to strengthen the relationship between liquidity and firm value, as these are viewed as normal operational activities. This finding aligns with Atrianingsih and Nyale (2022).

4. CONCLUSION AND SUGGESTIONS/RECOMMENDATIONS

4.1 Conclusion

Based on the research results and discussion, the following conclusions can be drawn. First, profitability has a positive and significant effect on firm value in the consumer non-cyclicals sector for the 2021–2023 period, meaning a company's ability to generate profits efficiently serves as a key signal to investors. Second, liquidity has a negative and significant effect on firm value, indicating that excessively high liquidity levels reflect the presence of idle funds and send a negative signal to investors. Third, firm growth does not have a significant effect on firm value, as the growth observed does not yet reflect the quality and sustainability of performance. Fourth, firm growth is unable to moderate the relationship between profitability and firm value. Fifth, firm growth does not moderate the relationship between liquidity and firm value.

4.2 Suggestions/Recommendations

Based on the above conclusions, companies need to improve profitability sustainably through operational efficiency and the optimization of asset utilization; companies need to set an optimal liquidity threshold and allocate idle funds to productive investments; and they should not only focus on quantitative growth but also ensure that growth is accompanied by efficiency and quality of performance. Future researchers are advised to include additional variables such as capital structure, firm size, or dividend policy, as well as to expand the research period and sector coverage.

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