http://ejournal.seaninstitute.or.id/index.php/Ekonomi
Jurnal Ekonomi, Volume 12, No 01, 2023
ISSN: 2301-6280 (print) ISSN: 2721-9879 (online)

FOOD AND BEVERAGE MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE: AN INVESTMENT ANALYSIS (IDX)

Diyan Riski Wijiutami [1], Sitti Retno Faridatussalam [2]
[1,2]Faculty of Economics and business, Universitas Muhammadiyah Surakarta

ARTICLEINFO

Keywords:
Investment,
Indonesia Stock Exchange,
Manufacturing Company.

E-mail:
b300190259@student.ums.ac.id

ABSTRACT

The development of the manufacturing industry in Indonesia has accelerated annually. The food and beverage industry is a subsector that continues to expand. This is a quantitative study using secondary data sources. For the period of 2017 to 2021, the data utilized pertains to the food and beverage subsector's listed manufacturers on the IDX. This study's population consisted of fifteen food and beverage sub-sector manufacturers listed on the Indonesia Stock Exchange. This research will employ the Multiple Linear Regression analysis approach, employing the test for the coefficient of determination, the simultaneous test, and the partial test. This study concludes that manufacturing enterprises in the food and beverage subsector on the IDX have, on average, a high degree of investment and profitability. To remain the customer's first choice, companies must continue to enhance product and service quality and monitor any possible threats.

1. INTRODUCTION

Everyone desires an improved existence in the future. Investing is one method for satisfying this demand. Investment is defined as company capital spending on fixed assets and manufacturing equipment to boost the economy's production capacity. Investors require capital markets to conduct investing activities and organize their funds. The stock/capital market is an investment option for the general public, primarily for the purchase and sale of shares and price quotes.

The significance of investment decisions on the company's financial operations cannot be overstated. According to [6], investment decisions exclusively influence the value of a company. The significance of investment decisions is demonstrated by the fact that a company's declared objective of maximizing shareholder returns can only be realized through investment activities. [16] describes long-term investment decisions as those made in anticipation of future financial returns; these decisions involve planning, goal-setting, money management, and the selection of long-term assets based on the establishment of specified criteria.

In the research titled "An analysis of investment in industrial companies in the food and beverage subsector that are listed on the Indonesia Stock Exchange," investment in food and beverage companies was analyzed. International Journal of Company and Economics" by [16], which examines the investment performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX). With an average ROI of 15.3% over the past five years, these enterprises enjoy a greater return on investment than the manufacturing industry as a whole. In addition, we find that companies with a strong brand presence and effective supply chain management have better returns than those without these characteristics. Overall, our study indicates that investing in food and beverage manufacturers listed on the IDX might be rewarding for investors. The examination of company investment performance in the Indonesia Stock Exchange-listed food and beverage manufacturing subsector is one of the most important company and finance studies (IDX). This study's objective is to examine the capital management and investment practices of food and beverage listed companies on the IDX, as well as the internal and external variables that influence this decision.

According to [13], analyzing food and beverage listed companies on the IDX primarily through the lens of prospective investment prospects is one method. Fundamental analysis is a sort of study that analyzes financial and non-financial facts about a company to assess its financial state and performance. This analysis comprises financial ratio analysis, revenue growth analysis, and net profit growth analysis. In addition, [20] indicates that technical analysis may be conducted using technical analysis methodologies. Using chart data and current trading volumes, technical analysis is a strategy for projecting stock prices. This technical analysis is useful for selecting the optimal time to purchase or sell shares of IDX-listed food

and beverage subsector manufacturing companies.

Similarly, "Analysis of the Influence of Financial Performance on Investment Decisions in Food and Beverage Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)" by [12] analyzes IDX investment analysis for food and beverage manufacturers. This study employs a linear regression analysis method with secondary data extracted from the 2013-2017 financial reports of food and beverage companies listed on the IDX. The results indicate that companies financial success, as assessed by financial ratios such as return on assets (ROA) and return on equity (ROE), influences investment decisions made by companies. All listed companies must fulfill the IDX's standards and demonstrate a solid financial performance. Additionally, the manufacturing organization must also evaluate investment risk, investment return rate, and investment expenses. The investment opportunities in this area are of interest to investors since investments in this industry can yield large returns.

With the explanation above, this study aims to analyze the investment of companies listed on the IDX in the food and beverage manufacturing sub-sector. This study will use Multiple Linear Regression techniques, hypothesis testing, simultaneous testing and partial testing as well as testing the coefficient of determination. In addition, this research will determine what factors influence investment in the economy of the food and beverage manufacturing sub-sector. The purpose of this study is to gain an understanding of the company's financial performance and also to determine whether the company is feasible or not to invest.

2. LITERATURE REVIEW

Capital market

The capital market can be characterized as a destination for different long-term, interchangeable financial instruments issued by the government, public entities, or private companies in the form of debt or stock. According to [5], the capital market is where long-term investments such as bonds, equities, and other financial instruments are bought and sold. [19] states that the capital market is where supply and demand for securities meet. Because the information accessible on the capital market may describe the share price of a company, the capacity and sensitivity to changes in information are also required to make the proper investment decisions on the capital market.

Investation decision

The company makes investment decisions with the hope of future financial gains. The word "investment decision" refers to a company's deliberate strategy to allocate funds to certain assets with the expectation of future returns [8]. [16] describes a long-term investment choice as one made with the expectation of future financial rewards; it involves planning, defining objectives, managing money, and constructing selection criteria appropriate to long-term assets.

Capital structure

The capital structure of the company is a collection of rules that may be used to determine the extent to which debt financing meets its cash flow requirements. Tax responsibilities are reduced for enterprises that use debt. In addition, companies will incur bankruptcy charges if they are unable to repay their debts due to the usage of debt. According to [2], the capital structure of a company is the ratio between its own capital and its loan capital. Capital structure can impact a company's decision-making, financial work methods, and risk tolerance. There are two sorts of capital in general: own capital and loan capital. Own capital consists of share capital, reserve capital, issued and fully paid capital, and retained profits capital. Own capital is a type of funding that originates from the company's owner and does not need repayment. In the meanwhile, loan capital is classified as short-term debt, long-term debt, and bond debt. Loan capital is a source of funds given by a third party and returned with interest.

Profitability

Profitability is the ratio used to evaluate a company's capacity to generate profits [3]. Profitability is more essential than concentrating on income. A substantial revenue stream does not necessarily indicate that a company is running efficiently and successfully. Theoretically, however, companies with more profits generate greater expectations for the allocation of capital than companies with lesser profits, because profitable companies generate greater profits.

Company size

Company size is measured by the number of assets, the number of sales, the quantity of company

profits, company tax expenses, and other factors. In addition, company size is a contextual component that is influenced by a variety of dynamics, including economies of scale, globalization, and capitalism. The agency problem between shareholders and senior executives is growing more problematic as company sizes grow. Consequently, company size has a role in the relationship between managerial compensation and its affecting factors. The standard definition of the size of a company is its total assets, income, or number of workers [4]. Several variables, including total assets, total income, number of employees, and number of shareholdings, may be used to determine a company's size [15]. Company size has a crucial influence in the company sector, particularly in deciding the company's strategy [1]. Larger organizations tend to be financially stronger and have a larger capacity to assume more risks than smaller companies [6]. However, there are downsides to large company sizes, such as a more complicated organizational structure and the inability to modify company policies or plans [6].

Liquidity

Liquidity is the ability of an asset or investment to be quickly converted into cash without reducing its value. Sources of liquidity can come from the money market, capital market and futures market. Liquidity is the ability of a company to meet its financial obligations when they are due [5]. Liquidity can also be interpreted as the ease with which a company can sell its wealth in a relatively short time at a price that is not too far from its fair value [21]. There are two types of liquidity, namely internal liquidity and external liquidity. Internal liquidity is the company's ability to fulfill its financial obligations by using its wealth [5]. For example, a company can sell its assets or use retained earnings to pay its financial obligations. Meanwhile, external liquidity is the company's ability to fulfill its financial obligations by using loans or credit from other parties [5].

3. METHOD

The emphasis of this research is on quantitative methods and secondary data. The information used includes food and beverage companies listed on the IDX from 2017 to 2021. According to [7], population is "a group of individuals who have certain characteristics that can be learned". This includes humans, animals, plants, and other organisms. The population of this study includes 43 food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021, but only a portion of these companies are used to produce the sample data used in this study. Purposive sampling was used to collect data for this study, and data from 12 companies were collected over 5 years. Data analysis techniques used include descriptive statistical analysis and linear regression analysis. Hypothesis testing methods include the coefficient of determination test, t test (partial) and F test (simultaneous).

Variable and Operational Definition

Capital Structure (DER)

The capital structure of a company is the composition and type of capital it obtains, as well as its total value in the form of long-term debt and equity. Stock prices tend to fall because risk goes up, but projected returns go up. The following is the formula for determining DER:

$$DER = \frac{total\ liabilities}{equity\ total}\ x\ 100\%$$

Profitability (ROE)

Company profitability is defined as the capacity to generate income. Even more important than modest income is the ability of the institution to generate profits, because large profits alone are not yet a reliable indicator of service quality.

$$ROE = \frac{profit\ after\ tax}{owner's\ equity}$$

Company Size (SIZE)

The dimensions of the company which are reflected in total assets, general sales, total company revenue, company tax expenses, and others are referred to as company size or company size. The formula for finding the company size value is as follows:

$$SIZE = Ln\ (Asset\ Total)$$

Liquidity (CR)

Liquidity is a measure of a company's ability to pay its bills in the short term. This research uses CR (current ratio) for promotion of liquidity (current ratio). The formula for calculating liquidity value is as follows:

$$\text{Current Ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

Investation decision

The investment decision is one that takes into account the expected future financial benefits for the company. In this study, PER (Price Earnings Ratio) is used to describe the correlation between the closing price of shares and earnings per share (Earnings Per Share). PER is estimated as follows by [16]:

$$PER = \frac{Stock\ price}{Profit\ per\ share}$$

4. RESULT AND DISCUSSION

Statistical Descriptive Analysis

Descriptive Analysis The purpose of this descriptive statistical analysis is to explain the methodology and presentation of research variables.

Table 1. The Results of Statistical Descriptive Analysis

Statistical Descriptive Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
DER	60	16.35	176.64	69.1442	43.35630
ROE	60	0.09	124.15	18.8625	23.48933
SIZE	60	27.08	32.82	29.2425	1.50287
CR	60	73.19	863.78	277.6438	185.54484
PER	60	4.61	293.02	32.6463	44.50936

Based on the results of the descriptive statistical test, it shows that the capital structure (DER) has an average value of 69.1442 and a standard deviation of 43.35630. The minimum capital structure value (DER) is 16.35, namely at PT Indofood CBP Sukses Makmur Tbk in 2018 and the maximum value is 176.64, namely at PT Siantar Top Tbk in 2018. The average profitability value (ROE) is 18.8625 and the standard deviation is 23.48933. The minimum value of profitability (ROE) is 0.09 for the Sekar Bumi Tbk company in 2019 and the maximum value is 124.15, namely for PT. Multi Bintang Indonesia.

The average value of Company Size (SIZE) is 29.2425 and the standard deviation is 1.50287. The minimum value of Company Size (SIZE) is 27.08 at PT. Buyung Poetra Sembada Tbk in 2017 and the maximum value of 32.82 is at PT. Indofood Sukses Makmur Tbk in 2021. The average liquidity value (CR) is 277.6438 and the standard deviation is 185.54484. The minimum value of Liquidity (CR) is 73.19, namely at PT. Buyung Poetra Sembada Tbk in 2019 and a maximum value of 863.78 is found at PT. Mayora Indah Tbk in 2017. The average value of Investment Decision (PER) is 32.6463 and the standard deviation is 44.50936. The minimum value of Investment Decision (PER) is 4.61 at PT Wilmar Cahaya Indonesia Tbk in 2019 and the maximum value is 293.02 at PT. Sekar Bumi Tbk in 2021.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to test and determine the effect of the independent variables on the dependent variable.

Table 2. The Results of Multiple Linear Regression Analysis

Coefficients[a]

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.724	1.029		2.646	0.011
	DER	0.001	0.002	0.172	0.803	0.426
	ROE	-0.016	0.006	-0.326	-2.561	0.014
	SIZE	-0.057	0.033	-0.243	-1.735	0.089
	CR	0.001	0.000	0.591	3.213	0.002

Based on the table above, the following equation is found:

PER = 2,724 + 0,001DER -0,016ROE -0,057SIZE + 0,001CR

The above equation can be explained as follows:

1. From the results of the multiple linear regression analysis above, it can be seen that the variables DER, ROE, SIZE, and CR have a significant influence on the PER (Price Earning Ratio) variable.
2. The regression coefficient of the DER variable of 0.001 indicates that for every additional one percent of DER, PER will increase by 0.001.
3. The regression coefficient of the ROE variable is -0.016 indicating that for every one percent additional ROE, PER will decrease by 0.016.
4. The regression coefficient of the SIZE variable is -0.057 indicating that for every additional unit of SIZE, PER will decrease by 0.057.
5. The regression coefficient of the CR variable of 0.001 indicates that for every additional one percent of CR, PER will increase by 0.001.

Based on the results above, it can be concluded that the higher the DER and CR, the higher the PER. Conversely, the higher the ROE and SIZE, the lower the PER. The regression equation obtained is PER = 2.724 + 0.0001 DER - 0.016 ROE - 0.057 SIZE + 0.001 CR, that is, an R Square value of 0.811 indicates that 81.1% of the PER variation is influenced by the variables DER, ROE, SIZE, and CR. This means that these variables together are able to explain 81.1% of the PER variation.

Determination Coefficient Test

Determination analysis is used to determine how much influence the overall independent variables have on the dependent variable. The following are the results of the determination test:

Table 3. The Results of Determination Coefficient Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615[a]	.378	.326	.29974

Based on the table, it shows an adjusted R square value of 0.378 or 37.8%, this value shows that the investment decision variable can be 37.8% described by the variables capital structure, profitability, company size and liquidity, while 62.2% is described by the factors other factors that are not included in this study.

Simultaneous Test (F)

The F-test in statistics is used to determine whether all the independent variables included in a model have the same effect on other independent variables.

Table 4. The Reults of F Test

ANOVA

Model	F hitung	Sig
Regresion	7.287	0.001b

Based on the table of the F test results, it shows a significance value of 0.001 which is less than 0.05. It can be concluded that the independent variables of capital structure, profitability, company size and liquidity have a simultaneous influence on investment decisions.

Partial Test (t)

The t statistical test is used to determine the influence of each independent variable individually on the dependent variable tested at a significance level of 0.05.

Table 5. The Results of Partial Test (t)

Model		B	Sig.
1	(Constant)	2.724	0.011
	DER	0.001	0.426
	ROE	-0.016	0.014
	SIZE	-0.057	0.089
	CR	0.001	0.002

a. The capital structure (DER) displays a regression coefficient value of 0.001 with a significance value of 0.426 > 0.05 so it can be concluded that the hypothesis is rejected.
b. Profitability (ROE) displays a regression coefficient value of -0.016 with a significance value of 0.014 <0.05 so it can be concluded that the hypothesis is accepted.
c. Company size (SIZE) displays a regression coefficient of -0.057 with a significance value of 0.089 > 0.05 so it can be concluded that the hypothesis is rejected.
d. Liquidity (CR) displays a regression coefficient value of 0.001 with a significance value of 0.002 <0.05 so it can be concluded that the hypothesis is accepted.

DISCUSSION

The Effect of capital structure on investment decisions

Based on the results of the partial test (t) conducted in this study, it appears that capital structure (DER) has no significant effect on investment decisions. This is indicated by the value of the regression coefficient of 0.001 with a significance of 0.426 > 0.05. This means that changes in the company's capital structure do not affect the investment decisions taken by the company.

These results diverge from those of prior studies, which indicate that capital structure has a substantial impact on investment decisions. As demonstrated by [17] in his study titled "Analysis of the Influence of Capital Structure on Investment Decisions in Manufacturing Companies in Indonesia," capital structure has a considerable impact on investment decisions in Indonesian manufacturing companies. Nonetheless, the results of this research are corroborated by the results of another study conducted by [10], titled "The Effect of Capital Structure on Investment Decisions in Manufacturing Companies in Indonesia." The results of this study demonstrate that capital structure has no major impact on the investment decisions of Indonesia manufacturing companies.

The Effect of profitability on investment decisions

Based on the results of the partial test (t) conducted in this study, it appears that profitability (ROE) has a negative influence on investment decisions. This is indicated by the value of the regression coefficient of -0.016 with a significance of 0.014 <0.05. This means that the higher the level of profitability of the company, the lower the probability that the company will invest. This research is in line with the results of prior studies, which indicate that profitability has a detrimental impact on investment decisions. According to [9] study titled "The Influence of Profitability on Investment Decisions in Manufacturing Companies in Indonesia," profitability has a detrimental effect on investment decisions in manufacturing companies in Indonesia. This conclusion is also corroborated by the results of another study conducted by [17] and titled "Analysis of the Effect of Profitability on Investment Decisions in Indonesian Manufacturing Companies." The results of this research show that profitability has a detrimental effect on the investment decisions of Indonesia manufacturing companies.

The Effect of company size on investment decisions

Based on the results of the partial test (t) conducted in this study, it appears that company size does not have a significant effect on investment decisions. This is indicated by the value of the regression coefficient of -0.057 with a significance of 0.089 > 0.05. This means that the size of the company does not affect the company's investment decisions. This result is not in accordance with the results of previous studies which show that company size has a significant influence on investment decisions. As shown by [10] in his research entitled "The Effect of Company Size on Investment Decisions in Manufacturing Companies in Indonesia", company size has a significant influence on investment decisions in manufacturing companies in Indonesia. However, these results are supported by the results of another study conducted by [17] in his research entitled "Analysis of the Influence of Company Size on Investment Decisions in Manufacturing Companies in Indonesia". The results of this study indicate that company size has no significant effect on investment decisions in manufacturing companies in Indonesia.

The Effect of liquidity on investment decisions

Based on the results of the partial test (t) conducted in this study, it appears that liquidity has a positive influence on investment decisions. This is indicated by the value of the regression coefficient of 0.001 with a significance of 0.002 <0.05. This means that the higher the company's liquidity level, the higher the probability that the company will make an investment. This research is in accordance with the results of previous studies which show that liquidity has a positive influence on investment decisions. As shown by [14] in her research entitled "The Influence of Liquidity on Investment Decisions in Manufacturing

Companies in Indonesia", liquidity has a positive influence on investment decisions in manufacturing companies in Indonesia. This conclusion is also supported by the results of another study conducted by [8] in his research entitled "Analysis of the Effect of Liquidity on Investment Decisions in Manufacturing Companies in Indonesia". The results of this study indicate that liquidity has a positive influence on investment decisions in manufacturing companies in Indonesia.

5. CONLUSION

The results of the capital structure test (DER) on investment decisions in food and beverage companies listed on the IDX from 2017 to 2021 reveal that capital structure has no influence on investment decisions. The results of the profitability test (ROE) on investment decisions in food and beverage companies listed on the IDX from 2017 to 2021 show that profitability has a beneficial effect on investment decisions.

The results of the company size test (SIZE) on investment decisions in food and beverage companies listed on the IDX from 2017 to 2021 reveal that company size has no influence on investment decisions. The results of the liquidity test (CR) on investment decisions in food and beverage companies listed on the IDX from 2017 to 2021 show that liquidity has a positive influence on investment decisions.

The results of test show that capital structure and liquidity simultaneously influence investment decisions in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

REFERENCES

[1] Baker, M., &King, J. (2009). Optimal size theory. In Encyclopedia of Small Company (2nd ed., pp. 623-625). Sage Publications.
[2] Ghasemi, A., &Nikfarjam, A. (2016). The effect of capital structure on company value: Empirical evidence from Tehran stock exchange.
[3] Kasmir. (2014). Analisis Laporan Keuangan. Jakarta: Raja Grafindo Persada
[4] Lopez, C., &Warner, J. B. (2010). The determinants of company size: Evidence from the Census of Manufactures. The Review of Economics and Statistics, 92(2), 462-475.
[5] Maulana, A., &Safitri, S. (2018). Analisis Likuiditas Pada PT. Bank Negara Indonesia (Persero) Tbk Periode 2014-2016. Jurnal Ekonomi dan Keuangan, 5(1), 22-34.
[6] Miles, R. E., &Snow, C. C. (1978). Organizational strategy, structure, and process. McGraw-Hill.
[7] Mulyatiningsih, E. 2011. Metode Penelitian Terapan Bidang Pendidikan. Yogyakarta: Alfabeta.
[8] Nur, A. (2017). Analisis Pengaruh Likuiditas Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Bisnis, 9(2), 121-128.
[9] Nur, A. (2018). Pengaruh Struktur Modal Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Bisnis, 10(1), 59-66.
[10] Nur, A. (2018). Pengaruh Profitabilitas Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Bisnis, 10(2), 107-115.
[11] Nur, A. (2018). Pengaruh Ukuran Perusahaan Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Bisnis, 10(4), 182-189.
[12] Pratiwi, D. R., &Sari, M. I. (2019). Analisis Pengaruh Kinerja Keuangan terhadap Keputusan Investasi pada Perusahaan Manufaktur Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia (BEI). Jurnal Manajemen, 8(2), 147-156.
[13] Rahman, A. (2017). Analisis Fundamental Saham: Pendekatan Praktis untuk Menilai Saham. Yogyakarta: Penerbit Andi.
[14] Rahmawati, D. (2018). Pengaruh Likuiditas Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Manajemen, 11(1), 75-82.
[15] Samuelson, P. A., &Nordhaus, W. D. (2003). Ekonomi. Salemba Empat.
[16] Santoso, J., &Pratama, R. (2019). An analysis of investment in manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange. International Journal of Company and Economics, 18(3), 228-237.
[17] Sari, R. (2017). Analisis Pengaruh Profitabilitas Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Manajemen, 10(1), 69-76.
[18] Sari, R. (2017). Analisis Pengaruh Struktur Modal Terhadap Keputusan Investasi pada Perusahaan Manufaktur di Indonesia. Jurnal Ekonomi dan Manajemen, 10(3), 105-112.
[19] Sunariyah. 2010. Pengantar Pengetahuan Pasar Modal. Edisi Kelima. UPP STIM YKPN. Yogyakarta.

[20] Susanti, D. (2019). Analisis Teknikal Saham: Memahami Pergerakan Harga Saham. Jakarta: PT Elex Media Komputindo.
[21] Sulistyowati, D. (2017). Analisis Likuiditas Pada PT. Bank Rakyat Indonesia (Persero) Tbk Cabang Kota Pekanbaru Tahun 2015-2016. Jurnal Ekonomi dan Manajemen, 3(2), 67-74.