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The Maturing Multiplier: Does Firm Age Matter in the Relationship Between Leverage, Liquidity and Profitability on Firm Value?

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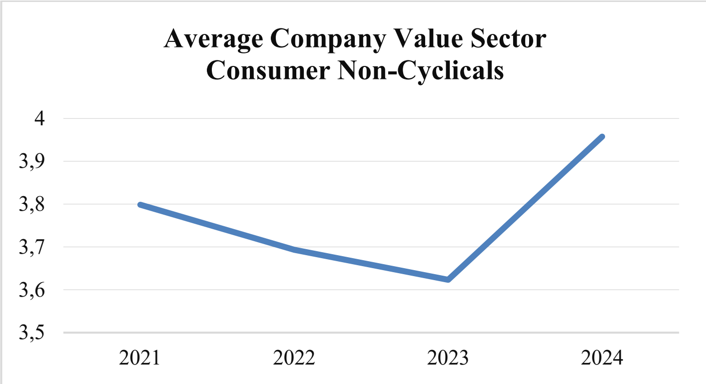
Abstract: This study examines the influence of leverage, liquidity, and profitability on firm value, with firm age analyzed as a moderating factor and firm size included as a control variable. The research is conducted on firms within the non-cyclical consumer sector listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Through purposive sampling, 41 companies were selected, producing a total of 151 firm-year observations. The analysis employs the Fixed Effects Regression Model, as identified by preliminary panel data diagnostic tests. The findings indicate that leverage and firm age significantly and positively affect firm value, whereas liquidity and profitability do not exhibit statistically significant impacts. Furthermore, the moderating effect analysis shows that firm age strengthens the positive link between leverage and firm value, does not moderate the relationship between liquidity and firm value, and diminishes the positive effect of profitability.

Keywords: Leverage, Liquidity, Profitability, Firm Value, Firm Age, Firm Size

INTRODUCTION

In the current global business landscape, firm value plays a crucial role as a measure of a company's overall performance and sustainability (Noviera et al., 2024). It reflects investor perceptions of the firm's future prospects, encompassing its capacity to earn profits, drive innovation, and sustain operational stability (Amelia & Meidiyustiani, 2024). In Indonesia, one of the key sectors supporting economic stability is the consumer non-cyclicals industry (Yolanda et al., 2025). This sector meets the population's essential needs, with demand that generally remains steady even during economic downturns (Baihaqi et al., 2021). In contrast to more volatile sectors like property, technology, or manufacturing, which are heavily influenced by economic cycles, the consumer non-cyclicals sector shows more consistent growth and a stable contribution to national GDP (Lorens & Sandra, 2024). The Ministry of Industry of the Republic of Indonesia reported that the food and beverage industry recorded growth over two successive quarters and accounted for 38.4% of the GDP in the non-oil and gas manufacturing sector.

Within the non-cyclical consumer sector especially among firms that supply essential products firm value serves as a key indicator for investors to evaluate a company's performance and future potential (Meirisa, 2024). It reflects how well a company manages its resources, a factor that is typically expressed through its stock price (Yuswandani et al., 2024). Stock prices are shaped by the interaction of market supply and demand, making them a direct reflection of public sentiment about a company's worth. As such, enhancing firm value is a central corporate goal, as it signals strong performance and helps attract investor interest (Innayah et al., 2021).



Source: Data processed, 2025
Figure 1. Average Firm Value

Based on Figure 1, the average firm value in the non-cyclical consumer sector exhibits fluctuations. A notable example is PT Gudang Garam Tbk (GGRM), a company that has significantly influenced firm value but experienced a 5.76% decline in its stock price in 2022 (Suzan & Safira, 2022). This indicates that, although the consumer non-cyclicals sector is generally considered defensive characterized by steady demand that is relatively unaffected by economic fluctuations (Apriliyana et al., 2025) it is not entirely immune to market dynamics. The sector tends to grow more consistently as it provides essential goods that are always in demand, in contrast to industries such as technology or energy, which are more volatile and influenced by trends or commodity prices (Rizantha, 2024). This condition highlights the importance of examining internal financial factors that may promote or hinder the enhancement of firm value. Key among these are leverage (Judijanto, 2024), liquidity (Damayanti & Darmayanti, 2022), and profitability (Akhmadi & Januarsi, 2021).

Leverage is acknowledged as a key factor influencing firm value (Dharmaputra et al., 2022). It reflects a company's capacity to meet both short-term and long-term debt obligations and is commonly assessed through financial ratios that indicate the extent of debt utilization (Aziz & Widati, 2023).When properly managed, leverage can signal managerial confidence in the firm's ability to generate sufficient profits to cover its debt, which in turn may enhance investor confidence and positively influence firm value. This perspective is supported by studies from Santi & Sudarsi (2024), Septiana & Zulkifli (2024), Dharmaputra et al. (2022), and Putri & Diantini (2022), most studies report a significant positive correlation between leverage and firm value. In contrast, Wahyuningrum & Sunarto (2023) offer a differing perspective, revealing that leverage significantly reduces firm value.

Liquidity, recognized as the second key financial determinant of firm value (Damayanti & Darmayanti, 2022), refers to a firm's ability to meet its short-term obligations using its current assets (Saputri & Giovanni, 2021). High liquidity can increase investor confidence, promote investment inflows, drive up stock prices, and ultimately enhance firm value (Ananda & Lisiantara, 2022). Empirical support for the positive impact of liquidity on firm value is provided by studies such as Wahyuningrum & Sunarto (2023), Ganggi et al. (2023), Iman et al. (2021), and Elisa & Riduwan (2021). However, Saputri & Giovanni (2021) present contrasting evidence, indicating that liquidity can negatively impact firm value, especially when excessive liquidity suggests poor efficiency in asset management.

The third influencing factor is profitability (Akhmadi & Januarsi, 2021). Profitability represents a firm's ability to produce income or profits by effectively utilizing its resources, including sales, capital, cash flow, human resources, and operational performance (Ananda & Lisiantara, 2022). Increased profitability contributes positively to firm value, as it reflects the company's capacity to deliver returns to its shareholders (Nirawati et al., 2022). Research conducted by Nuzula & Prasetiono (2025), Septiana & Zulkifli (2024), Elisa & Riduwan (2021), and Ambarwati & Vitaningrum (2021) confirms a strong positive association between profitability and firm value. However, Gz & Lisiantara (2022) suggest that under certain conditions, profitability may negatively impact firm value.

Given the inconsistent findings in previous research regarding the impact of financial variables on firm value, this study aims to investigate how firm age may moderate and potentially change the intensity or direction of these relationships (Riswan & Martha, 2024). Older firms are generally more adept at managing debt, potentially reducing the adverse effects of leverage on firm value (Soleman et al., 2022). Regarding liquidity, mature companies often possess more effective cash flow management systems, meaning that liquidity fluctuations may have less influence on investor perception (Gz & Lisiantara, 2022). Moreover, companies with a longer track record often achieve more stable profitability, potentially strengthening the positive link between profitability and firm value (Iskandar et al., 2024). The inclusion of a moderating variable is therefore justified, as it can help clarify the varying outcomes observed in prior research by influencing the nature of the relationships between independent and dependent variables.

Firm value it self is a critical indicator reflecting how effectively financial strategies are executed to enhance competitiveness and attract investor trust (Innayah et al., 2021). This study explores how leverage, liquidity, and profitability influence firm value, with firm age acting as a moderating factor. To improve the model's precision, firm size is incorporated as a control variable, reflecting the scale of a company's assets (Hadiwibowo & Sulfina, 2022; Muzayin & Trisnawati, 2022). This study builds upon Hidayat (2022) by incorporating profitability as an additional independent variable, in line with the recommendations of Abdillah & Ali (2024). Based on signaling theory, profitability is viewed as a favorable signal to stakeholders, indicating the firm's current financial health and its potential for future growth (Kusumaningrum & Iswara, 2022). Furthermore, the research focuses on companies within the non-cyclical consumer sector, which are typically characterized by solid financial performance and easier access to capital (Rachman, 2024).

Signalling Theory

Signaling theory, originally introduced by Spence (1973), describes how parties with superior information such as company managers can convey the quality of a firm to less-informed stakeholders, such as investors, through observable financial actions and decisions. When perceived positively, these signals help minimize information asymmetry between management and investors by clearly conveying the company's financial condition and strategic outlook. Consequently, this can enhance firm value, as the market perceives the company to be more transparent and promising. In the context of corporate finance, signaling theory is frequently used to explain how financial indicators such as leverage, liquidity, and profitability serve as signals of a company's strength and future outlook. Ross (1977) argues that a high degree of leverage can indicate management's confidence in the company's capacity to fulfill its financial obligations, thereby potentially boosting firm value. Meanwhile, Sjahruddin et al. (2022) propose that strong liquidity not only alleviates financial limitations but also serves as a signal of effective financial management and readiness to pursue future investment opportunities. Likewise, profitability is widely viewed as one of the most direct and credible indicators of corporate performance. Khodijah et al. (2024) assert that high profitability reflects operational efficiency and effective resource management in optimizing revenues and controlling costs. However, the strength of these signals largely depends on the credibility of the sender that is, the trustworthiness of management in the eyes of investors.

The Effect of Leverage on Firm Value

Leverage represents the share of debt in a company's capital composition, reflecting how much the firm depends on borrowed funds to support its operations and investments (Ananta et al., 2025). Companies with higher debt levels may see an increase in firm value, as debt can provide tax advantages and reduce the overall cost of capital (Putra, 2020). In environments with information asymmetry, financial decisions such as assuming debt can serve as signals of firm quality, reflecting management's confidence in future cash flow generation (Nurjanah & Purnama, 2021). Within the non-cyclical consumer sector, optimal leverage is often viewed as a sign of financial prudence and strategic resource allocation (Maulidayanti, 2024). This perspective is reinforced by empirical findings from Santi & Sudarsi (2024), Septiana & Zulkifli (2024), Dharmaputra et al. (2022), Putri et al. (2022) and Jihadi et al. (2021) both find evidence of a positive correlation between leverage and firm value. Building on this, the following hypothesis is formulated:

H1: Leverage has a significant positive effect on Firm Value

The Effect of Liquidity on Firm Value

Liquidity reflects a company's ability to meet its short-term obligations through its current assets (Apriantini et al., 2022). Firms with strong liquidity are typically seen as more capable of managing operational uncertainties, thereby lowering investor-perceived risk (Elisa & Riduwan, 2021). In the context of signaling theory, high liquidity conveys a positive message to the market, indicating sound financial management and operational stability. This viewpoint is reinforced by empirical findings from Nuzula & Prasetiono (2025), Wahyuningrum & Sunarto (2023), Ganggi et al. (2023), Iman et al. (2021), and Elisa & Riduwan (2021), all of which report a consistent positive correlation between liquidity and firm value. Based on this rationale, the following hypothesis is proposed:

H2: Liquidity has a significant positive effect on the Firm Value

The Effect of Profitability on Firm Value

Profitability is generally regarded as a reliable and straightforward measure of a firm's financial health and operational efficiency (Dewi & Rahyuda, 2020). High profitability signifies effective resource utilization and strong market competitiveness (Hakim & Hindasah, 2025). Aligned with signaling theory, profitability serves as a positive indicator to investors, reflecting the firm's potential to sustain long-term earnings. This optimistic perception can enhance investor interest, increase demand for the firm's shares, and ultimately raise its value (Margono & Gantino, 2021). Empirical evidence from previous studies by Nuzula & Prasetiono (2025), Septiana & Zulkifli (2024), Wahyuningrum & Sunarto (2023), Elisa & Riduwan (2021), and Ambarwati & Vitaningrum (2021) consistent empirical evidence supporting the view that profitability significantly enhances firm value. Based on this rationale, the following hypothesis is proposed:

H3: Profitability has a significant positive effect on Firm Value

The Effect of Firm Age on Firm Value

Company age represents a firm's experience, operational maturity, and resilience in the marketplace (Salsa & Nugraha, 2022). Within the framework of signaling theory, a firm's extended operational history strengthens its reputation and credibility, signaling to investors its capacity to maintain operations and generate long-term value (Mochtar & Triani, 2022). Older firms are often perceived as more responsible and reliable, which can positively influence their perceived value (Vionita et al., 2021). This perspective is reinforced by empirical findings from Murti et al. (2024), Fahri et al. (2022), Hasan & Meidiyustiani (2023), and Haryono & Lestari (2022), which indicate a positive association between firm age and firm value. Based on this rationale, the following hypothesis is proposed:

H4: Firm Age has a significant positive effect on Firm Value

Firm Age moderates the effect of Leverage on Firm Value

Older firms are generally better positioned to utilize debt strategically without raising investor concerns (Soleman et al., 2022). Their established relationships with financial institutions, consistent track records of earnings, and familiarity with market dynamics contribute to greater investor trust in their ability to manage financial leverage effectively (Widayanti & Yadnya, 2020). In such firms, leverage is commonly regarded as a well-considered and strategic financial decision, which enhances its positive effect on firm value more than in younger firms (Rismana et al., 2024). The notion is reinforced by empirical findings from Nopianti et al. (2023) and Tunggal & Ngatno (2018), who found that firm age significantly and positively moderates the relationship between leverage and firm value. Based on this reasoning, the following hypothesis is formulated:

H5: Firm Age Strengthens the Positive Relationship Between Leverage and Firm Value

Firm Age moderates the Effect of Liquidity on Firm Value

In mature firms, high liquidity is often viewed as an indicator of strong financial discipline and cautious risk management (Tumanan & Ratnawati, 2021). For older companies, elevated liquidity levels are interpreted as a signal of operational stability and low financial risk, reinforcing investor confidence. In contrast, high liquidity in younger firms may be perceived as inefficient asset utilization or a lack of profitable growth opportunities (Nopianti et al., 2023). This contrast suggests that older firms benefit from a stronger corporate reputation, which enhances the positive interpretation of liquidity by the market. Therefore, the following hypothesis can be established:

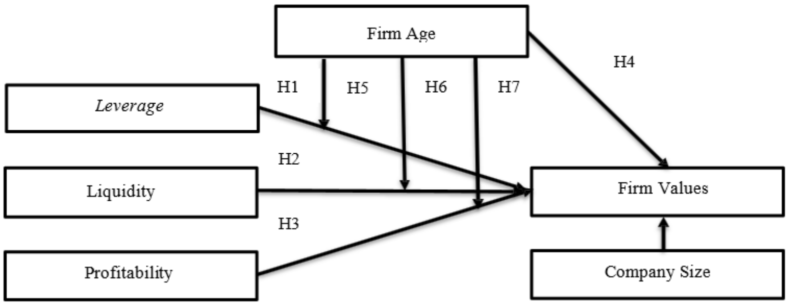
H6: Firm Age Strengthens the Positive Relationship Between Liquidity and Firm Value

Firm Age moderates the Effect of Profitability on Firm Value

While profitability is broadly recognized as a fundamental indicator of firm performance, its influence on firm value may vary depending on the age of the company (Saidah & Hwihanus, 2023). Older firms often send a positive signal to investors, demonstrating their long-term resilience, adaptability, and operational sustainability (Laksana & Ashari, 2024). In such firms, profitability is typically seen as more consistent and dependable, thereby enhancing its contribution to firm value. In contrast, while profitability in younger firms may reflect growth potential, it is often regarded as less stable and more unpredictable (Iskandar et al., 2024). Consequently, investors tend to respond more positively to profitability indicators from established companies (Hasan & Meidiyustiani, 2023). Based on this reasoning, the following hypothesis is proposed:

H7: Firm Age Strengthens the Positive Relationship Between Profitability and Firm Value

Based on the development of the above hypothesis, the framework of this research is as follows:



Source: Data processed, 2025
Figure 2. Conceptual Framework

METHOD

This research focuses on firms operating in the non-cyclical consumer sector that are listed on the Indonesia Stock Exchange (IDX) between 2021 and 2024. The total population includes 43 companies, from which 41 were chosen through purposive sampling, yielding 151 firm-year observations over four years. The study utilizes secondary data sourced from the financial statements and annual reports of the selected firms, with the selection based on the following criteria:

Table 1. Sample Selection Criteria

Criterion	Sum
Firms operating in the non-cyclical consumer sector and listed on the Indonesia Stock Exchange (IDX) between 2021-2024	172
Non-cyclicals consumer sector companies that do not publish financial statements during the 2021-2024 period	(9)
Non-cyclicals consumer sector companies that conducted Initial Public Offerings (IPOs) for the 2021-2024 period	(2)
Non-cyclicals consumer sector companies that did not generate positive profits during the 2021-2024 period	(10)
Number of Research Observations	**151**

Variable Measurement

For the analysis process, there are various measurement indicators that are applied to the variable:

Table 2. Variable Measurement

Variable	Formula
Leverage (X1)	$DAR = \frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$
Liquidity (X2)	$CR = \frac{\text{Current Assets}}{\text{Current Debt}} \times 100\%$
Profitability (X3)	$ROA = \frac{\text{Total Net Profit}}{\text{Total Assets}} \times 100\%$
Firm Value (Y)	$PBV = \frac{\text{Stock Price}}{\text{Book Value Per Share}} \times 100\%$
Firm Age (Z)	Firm Age = Year of annual report researched – Year of establishment of the company
Company Size	Size = ln (total assets)

Source: Data analysis results, 2025

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3. Descriptive Statistical Test Results

Variable	N	Maximum	Minimum	Average	Standard Deviation
PBV	151	70.29094	.2442735	3.768043	8.837343
DAR	151	.8660575	.0671542	.440392	.1891347
CR	151	13.3955	.3700477	2.361705	1.98754

ROA	151	.3319433	.0001116	.0885479	.0685106
AGE	151	118	2	40.07285	23.90791
SIZE	151	32.93787	27.42228	29.79939	1.2979

Source: STATA Output Results 17, 2025

Referring to table 3, the firm value variable shows a mean of 3.76, which implies that, on average, the stock is valued at approximately 3.8 times its book value, even though the data exhibits considerable variability. Meanwhile, the average leverage stands at 44%, indicating that a substantial share of the companies' assets is funded by debt. The liquidity variable averages 2.36, which implies that non-cyclical consumer sector companies are capable of covering their short-term liabilities approximately 2.4 times over. The profitability variable shows an average of 8.85%, reflecting the firms' efficiency in utilizing assets to generate profit. The average company age in this sector over the 2021–2024 period is 40 years, highlighting their long operational history. Additionally, the firm size variable has a relatively high average with minimal variation across the sample.

Preliminary Test

Table 4. Chow Test Results

Chow Test	Prob > Chibar2	Result
Model 1	0.0000	FE
Model 2	0.0000	FE

Source: STATA Output Results 17, 2025

The Chow test is applied to assess whether the pooled OLS or fixed effects (FE) model is more suitable for the dataset (Gujarati & Porter, 2009). The null hypothesis favors the pooled OLS model. A p-value below 0.05 indicates that the fixed effects model is more appropriate, while a p-value above 0.05 suggests the pooled OLS model is preferable. According to the tabled results, this study selects the fixed effects model as the most appropriate method.

Table 5. Results of the Breusch and Pagan Lagrangian Multiplier Test

Breusch and Pagan Test	Prob > Chibar2	Result
Model 1	0.0000	RE
Model 2	0.0000	RE

Source: STATA Output Results 17, 2025

The Breusch and Pagan test is employed to evaluate whether the pooled OLS model or the random effects (RE) model is more appropriate for the data (Gujarati & Porter, 2009). Under the null hypothesis, the pooled OLS model is preferred. If the p-value exceeds 0.05, the pooled OLS model is considered suitable; however, a p-value below 0.05 indicates that the random effects model offers a better fit. As the results show a p-value under 0.05, this study adopts the random effects model as the most appropriate.

Table 6. Hausman Test Results

Hausman Test	Prob > Chibar2	Result
Model 1	0.0000	FE
Model 2	0.0000	FE

Source: STATA Output Results 17, 2025

The Hausman test is used to select the right panel regression model, specifically choosing between random effect (RE) and fixed effect (FE) (Gujarati & Porter, 2009). The hypothetical assumption is that if the p-value is greater than 0.05, then it is more appropriate to use RE, but if the p-value is less than 0.05, then it is more appropriate to use the FE model. The table above shows that the FE model is an accepted model.

Table 7. Heteroscedasticity Test Results

Model 1		Model 2	
Full Sample	151	Full Sample	151
Heteroscedasticity		Heteroscedasticity	
Chi2	57782.79	**Chi2**	1145299.63
Prob > Chi2	0.0000	**Prob > Chi2**	0.0000
Serial Correlation		**Serial Correlation**	
F	3.65	F	15.20
Prob > F	0.0044	Prob > F	0.0000

Source: STATA Output Results 17, 2025

Heteroscedasticity occurs when the variance of the error terms differs across observations in a regression model (Gujarati & Porter, 2009). In this study, Model 1 shows evidence of heteroscedasticity, as the p-value is 0.0000, falling below the 0.05 significance level. Similarly, Model 2 also exhibits heteroscedasticity, with a p-value of 0.0000. Pratama et al. (2024) detected serial correlation with p-values < 0.05.

Table 8. Autocorrelation Test Results

Model 1		Model 2	
F	8.690	F	0.328
Prob > F	0.0057	Prob > F	0.5706

Source: STATA Output Results 17, 2025

Autocorrelation occurs when the residuals are not independent across observations (Gujarati & Porter, 2009). In this study, the results for Model 1 reveal the presence of autocorrelation, indicated by a probability value (Prob > Chi) of 0.0057, which is below the 0.05 significance level. On the other hand, Model 2 does not exhibit autocorrelation, as the probability value (Prob > Chi) is 0.5706, exceeding the 0.05 threshold.

Table 9. Hypothesis Test Results

Variable Independent	**Dependent Variable**	
	Firm Values	
	Model 1	**Model 2**
Constant	67.4551	15.1498
	(0.033)*	(0.311)
Leverage	7.302365	-14.08585
	(0.017)*	(0.100)
Liquidity	-.2067558	-.2456938
	(0.297)	(0.347)
Profitability	-16.5061	28.73949
	(0.158)	(0.025)*
Firm Age	.4510601	.0051428
	(0.042)*	(0.968)
Company Size	-2.786243	-.6147624
	(0.036)*	(0.341)
Leverage*Age		.8399983
		(0.043)*
Liquidity*Age		.0113724
		(0.148)
Profitability*Age		-1.069464
		(0.022)*
Within R-squared	0.1480	0.5438
F	10.97	32.54
Prob > F	0.0383	0.0078

Sample	151	151
Note : *significant at 5%		

Source: STATA Output Results 17, 2025

As shown in Table 9, leverage (coefficient = 7.302365; p-value = 0.017) and firm age (coefficient = 0.4510601; p-value = 0.042) exhibit a statistically significant and positive impact on firm value, thereby confirming hypotheses H1 and H4. In contrast, liquidity (coefficient = -0.2067558; p-value = 0.297) and profitability (coefficient = -16.5061; p-value = 0.158) do not yield statistically significant results, leading to the rejection of hypotheses H2 and H3. Additionally, the interaction term between leverage and firm age (coefficient = 0.8399983; p-value = 0.043) is both significant and positive, indicating that older firms strengthen the positive effect of leverage on firm value, thus supporting H5. Conversely, the interaction term between liquidity and firm age (coefficient = 0.0113724; p-value = 0.148) is statistically insignificant, indicating that firm age does not moderate the effect of liquidity on firm value, thus H6 is rejected. Meanwhile, the interaction between profitability and firm age (coefficient = -1.069464; p-value = 0.022) reveals a significant negative relationship, suggesting that as firms age, the positive impact of profitability on firm value diminishes, leading to the rejection of H7.

Discussion

1. **Leverage has a Significant Positive Effect on Firm Value**

Leverage has been found to exert a positive and significant influence on firm value, suggesting that debt is effectively employed to finance investments that yield profitable returns (Suseti & Wahyuningtyas, 2022). The strategic use of debt reflects managerial competence in fulfilling financial obligations and maintaining sufficient cash flow, thereby enhancing investor confidence and improving the firm's market valuation (Aulia & Riharjo, 2025). This outcome supports signaling theory, which posits that financial decisions serve as indicators of firm quality in environments where information asymmetry exists. These results align with prior studies by Santi & Sudarsi (2024), Septiana & Zulkifli (2024), Jihadi et al. (2021), Dharmaputra et al. (2022), and Putri et al. (2022), which all found a statistically significant positive relationship between leverage and firm value.

2. **Liquidity has a Significant Positive Effect on Firm value**

Liquidity has not been found to have a significant effect on firm value, indicating that a high liquidity ratio does not necessarily reflect managerial effectiveness (Trisasmita et al., 2025). When firms retain excess cash without a well-defined strategic direction, investors may perceive this as a lack of viable investment opportunities or hesitation to pursue growth (Handayani & Wuryani, 2025). Moreover, liquidity is often not a primary concern for investors, as it mainly reflects a firm's capacity to meet short-term obligations and offers limited insight into its long-term value creation (Pratama & Nurhayati, 2022). In some cases, high liquidity may even send a negative signal, suggesting inefficient utilization of resources by management. These findings are consistent with those of Yusmita et al. (2023) and Ambarwati & Vitaningrum (2021), who also concluded that liquidity does not significantly influence firm value.

3. **Profitability has a Significant Positive Effect on Firm Value**

Profitability appears to have no significant effect on firm value, implying that it may reflect a firm's capacity to generate investment returns rather than providing a comprehensive measure of its overall financial performance (Clarinda et al., 2023). In today's investment environment, investors tend to assess not only the level of profit a company earns but also other aspects that reflect its sustainability and long-term growth potential (Prasetyo & Hermawan, 2023). This finding stands in contrast to the assumptions of signaling theory, which views profitability as a central indicator of a firm's future outlook and performance. In this context, changes in profitability whether increases or decreases appear to have no significant impact on firm value. Similar conclusions were reached by Yusmita et al. (2023) and Mahanani & Kartika (2022), who also found no substantial link between profitability and firm value.

4. Firm Age has a Significant Positive Effect on Firm Value

Firm age has a positive and significant impact on firm value, suggesting that older companies are generally associated with higher market valuations and greater investor confidence (Muzayin & Trisnawati, 2022). Compared to newly established firms, mature companies typically exhibit stronger capabilities in navigating business challenges due to their accumulated experience. As firms grow older and consistently demonstrate strong performance, they tend to gain broader recognition and credibility among the public (Haryono & Lestari, 2022). This ultimately builds investor confidence, acting as a favorable signal that contributes to an increase in the company's value. These results are consistent with previous studies by Murti et al. (2024), Fahri et al. (2022), Hasan & Meidiyustiani (2023), and Haryono & Lestari (2022), all of which emphasize the positive and significant impact of firm age on firm value.

5. Firm Age Strengthens the Positive Relationship Between Leverage and Firm Value

Firm age has been found to reinforce the positive association between leverage and firm value. This indicates that older firms are generally viewed as having more reliable cash flows and a stronger capacity to navigate financial risks (Mochtar & Triani, 2022). When mature companies employ debt, it conveys a more credible and convincing signal to the market, thereby increasing investor trust. Investors are more likely to place a higher valuation on leveraged firms with an established track record and demonstrated long-term viability (Purba & Mahendra, 2022). These results align with the studies of Nopianti et al. (2023) and Tunggal & Ngatno (2018), which showed that firm age positively moderates the relationship between leverage and firm value.

6. Firm Age Strengthens the Positive Relationship Between Liquidity and Firm Value

Firm age has not been found to amplify the relationship between liquidity and firm value, suggesting that a firm's longevity does not inherently ensure sustainability or superior performance. Investors are more inclined to assess a firm's profitability potential rather than its ability to fulfill short-term liabilities or the duration of its operations (Nopianti et al., 2023). Additionally, elevated liquidity levels do not necessarily correlate with increased firm value, as they may indicate the presence of idle assets that are not being effectively utilized to generate earnings (Pratiwi & Muthohar, 2021). This outcome challenges signaling theory, since investors are generally more reactive to concrete financial metrics like cash flow, current ratios, or profitability rather than the age of the firm, the findings support those of Nopianti et al. (2023), who found that firm age does not moderate the positive association between liquidity and firm value.

7. Firm Age Strengthens the Positive Relationship Between Profitability and Firm Value

The age of a company has been shown to reduce the impact of profitability on company value, indicating that although mature companies can efficiently convert profits into market value, the additional effect of profitability tends to decline as the company ages (Dendi et al., 2024). For investors, high profitability in older companies is often seen not as an indication of future growth opportunities, but rather as evidence of operational efficiency in a stable business model (Yuniawati et al., 2024). As a result, mature companies may experience lower value increases from profitability compared to younger companies that are still in their growth phase (Porajow, 2024).

CONCLUSION

This research investigates the influence of leverage, liquidity, and profitability on firm value, incorporating firm age as a moderating factor. The findings reveal that leverage and firm age both exert a significantly positive effect on firm value, whereas liquidity and profitability do not yield statistically meaningful effects. Furthermore, the interaction analysis shows that firm age reinforces the positive linkage between leverage and firm value, does not alter the association between liquidity and firm value, and diminishes the favorable effect of profitability. In light of these findings particularly the amplifying effect of firm age on the leverage firm value relationship future studies are recommended to explore other possible moderating factors, such as stable cash flow, managerial competence, or asset growth. Moreover, cross-sector comparisons may help uncover more nuanced insights into the moderating role of firm age within different industry contexts.

This study is subject to several limitations. First, it exclusively examines firms within the non-cyclical consumer sector that are listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period, potentially limiting the applicability of the results to other sectors or timeframes. Second, the scope of the analysis is limited to investigating leverage, liquidity, and profitability as independent variables, while firm age is the sole moderating factor included in the model. Other potentially influential variables such as ownership structure, fixed asset intensity, institutional ownership, dividend policy, and sales growth were not examined, despite prior research highlighting their relevance (Fajriah et al., 2022; Elisa & Amanah, 2021). Despite these limitations, the findings provide valuable insights for investors by highlighting the importance of considering firm age in fundamental analysis, as it can either strengthen or weaken the influence of financial indicators on firm value.

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