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The Effect of Capital Structure, Profitability, Liquidity, and Solvency on Firm Value with Managerial Ownership as a Moderating Variable in Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange 2020-2023

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ABSTRACT: The purpose of this study was to analyze how the influence of capital structure, profitability, liquidity, and solvency, can affect firm value moderated by managerial ownership in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2023. This research was conducted on food and beverage sub-sector companies listed on the IDX, data information was obtained through the official website of the Indonesia Stock Exchange www.idx.com, the sampling technique used purposive sampling with a population of 94 food and beverage companies listed on the Indonesia Stock Exchange for the period 2020-2023 and a sample of 16 companies. Tests were carried out with regression panel data analysis and Moderated Regression Analysis (MRA) using E-views statistical data processing software. The results of this study indicate that liquidity and solvency variables have no significant effect on firm value, capital structure variables and profitability have a significant effect on firm value. Managerial ownership is also unable to moderate the relationship between capital structure, profitability, liquidity, and solvency on firm value.

KEYWORDS: Capital structure, Firm value, Liquidity, Managerial ownership, Profitability, Solvency.

INTRODUCTION

Increased household consumption and a thriving food and beverage industry drive Indonesia's economy. Today, with rising personal incomes and spending on food and beverages, local companies in this industry are increasingly aggressively pursuing new developments and innovations to sell their products to consumers. Food and beverage companies are one of the industries that have high potential in the business world, so the competition for companies in this sub-sector is getting tighter. Elisa and Amanah (2021) state that with the increasing competition, food and beverage sub-sector companies are required to increase their company value properly. Companies that have high company value will attract the attention of investors to invest their capital in the hope of getting satisfactory results. Companies in carrying out their business activities certainly have goals to be achieved. One of them is to have a high company value. Firm value is the investor's perception of the company's success rate which is often associated with the stock price. Calculating company value is one of the indicators in fundamental stock analysis. The company value formed through the stock market index greatly influences investor decisions (Dewi & Sujana, 2019). The food and beverage industry is a subsector that contributes greatly to national economic growth.

This research will focus on food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) with a research period of 2020-2023. When viewed since 2019 in December it shows a number of 1.23, June 2020 experienced a decrease of 0.88 until December decreased by 0.87. Then in 2021 it increased in June by 1.30 and December by 2.44, in 2022 it continued to increase in June showing a number of 2.72 until December the increase reached an average of 5.95. However, in June 2023 there was a very significant decline to 2.31. Based on the press release of the Ministry of Industry of the Republic of Indonesia on September 5, 2022 which was accessed on January 28, 2023 on the official website of the Ministry of Industry, the food and beverage industry was able to grow by 3.57% and became the sub-sector with the largest contribution to the gross domestic product (GDP) of the non-oil and gas processing industry in the third quarter of 2022, which amounted to 38.69%. This reflects that this sector company has the potential as a sector suitable for investment, so it is not surprising that this sector is favored by investors as a sector to invest in.

The high and low value of the company is inseparable from several factors. This study focuses on factors such as capital structure, profitability, liquidity and solvency as important components that can affect firm value. These factors will be the basis for potential investors in assessing the extent to which the company has managed its resources in the long term (Asna & Ana, 2023). capital structure. According to (Irma et al., 2021) Capital structure is a description of the two financial proportions of the company between the capital owned which comes from long-term debt and own capital which is the source of financing for a company. Capital sourced from long-term debt consists of various types of bonds and other long-term investment loans. While own capital consists of various types of shares, reserves and retained earnings. A study by (Gilang, 2022) found that capital structure has a positive and significant impact on firm value. According to (Halim, 2009), the larger a company is, the greater the tendency to use foreign capital. This is because large companies need large funds to support their operations and one of the alternatives to fulfillment is with foreign capital if their own capital is insufficient.

In addition to the capital structure, the second factor that affects firm value is profitability, which is the ability of a company to generate profits. A company that is able to generate high profits means that the company's operational activities are running well. With the company being able to generate profits, investors are increasingly interested in investing in the hope of getting satisfactory investment returns. So that the higher the profitability, the company value will increase (Putri & Miftah, 2021).

Choirul et al., (2021) explain that the liquidity ratio is a measure that reflects the company's good performance to pay short-term obligations. The more the company's liquidity increases, the lower the risk of loss for the company to pay off short-term debt, especially those that are due. Research by (Santoso et al., 2020) confirms that the liquidity ratio proxied by Current Ratio (CR) partially has a significant positive effect on stock returns. In contrast, research by (Allozi & Obeidat, 2016) found that liquidity has a negative influence.

The solvency ratio or leverage ratio is a metric applied to measure the extent of the company's ability to pay off all its obligations, both short-term and long-term debt, in practice, if the company's solvency is high, the condition may result in higher losses, but at the same time provide an opportunity to earn large profits. Conversely, if the profitability ratio is lower, losses may be more minimal, especially during bad economic conditions. In addition to looking at the company's financial performance, there are several factors that are also very important, namely managerial ownership. Managerial ownership is management who actively participates in company decision making. This is an effort to increase company value because managers other than management as well as company owners will feel the direct consequences of the decisions to be taken so that managerial will not take actions that only benefit managers (Temy & Venona, 2023).

Based on this explanation, it is necessary to examine how the relationship and impact of capital structure, profitability, liquidity and solvency, on firm value with managerial ownership as a moderating variable. This research is important to do because it will produce information on firm value, how the relationship between capital structure, profitability, liquidity and solvency can affect firm value, and how the relationship between capital structure, profitability, liquidity and solvency can affect firm value.

THEORETICAL BASIS

Signal Theory

The importance of signal theory in a company lies in its ability to provide information related to management, company performance, and financial reports to various stakeholders. Signal theory is related to efforts to reduce information asymmetry between two parties (Spence, 2002). Signal theory states that signals are attributes that can be changed and observed and can be used by individuals and organizations to communicate to reduce information asymmetry (Filieri et al., 2023).

Capital Structure

Capital structure is a combination of debt and equity in a company's long-term financial structure. According to Irawati et al, (2022) companies can use debt as a source of funding to accelerate the development of the company, but the company will not be able to use 100% debt in its capital structure. This is because the greater the debt, the greater the company's financial risk. When a company is able to determine the amount of debt and has a debt amount smaller than a certain limit, it will actually increase the value of the company. In accordance with signaling theory, this provides a positive signal to investors which can increase the value of the company. Based on the description above, the hypothesis in this study is as follows:

H1: Capital structure has a significant positive effect on Company Value

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Profitability

According to Sahara, et al. (2022) companies with high profitability have an advantage because they are considered able to utilize their assets properly so that they can generate profits and ultimately indicate bright prospects for the company in the future, thus improving the company's value. Referring to signaling theory, that the company is managed efficiently, both in terms of controlling costs and increasing revenue. High profits per unit of sales indicate good management, which is a positive signal for investors and stakeholders. High profitability illustrates the company's performance in generating profits that can be used for growth, dividend payments, and overcoming business risks, so investors tend to view companies with high profitability as more promising investments, which can increase demand for their shares and positively affect the company's value. Based on the description above, the hypothesis in this study is as follows:

H2: Profitability has a significant positive effect on Firm Value

Liquidity

Liquidity is the company's ability to pay off its short-term obligations that will fall due (Sudiani & Darmayanti, 2016). When a company has the ability to pay off its short-term obligations when they fall due, the company is a liquid company. In order to be able to meet its short-term obligations, the company must have a good level of cash availability or other current assets that can also be immediately converted or changed into cash (Hery, 2019). High cash capacity in a company will have an impact on the company's ability to meet its short-term obligations, which will have a positive impact on the company's value. The higher the company's liquidity, the more it will affect investor confidence in investing their funds in the company concerned. This is in accordance with the signaling theory which is able to provide information in the form of positive signals to investors that can increase the company's value. Based on the description above, the second hypothesis in this study is as follows:

H3: Liquidity has a positive influence on Firm Value

Solvency

According to Wandi (2018), solvency or leverage is used to measure the extent to which a company's assets are financed by debt. This means how much debt the company bears compared to its assets. A company can be said to be in good condition if the company can fulfill its obligations. This can affect investor interest in investing. Investors assume that the higher the debt, the riskier an investment. So many investors avoid companies with high debt levels. When a new company enters the market, companies with high leverage are more likely to make savings. Companies with high leverage do not provide greater returns to their shareholders. This condition will make it difficult for the company to pay off its debts, resulting in a decrease in the company's value (Nadzim, 2019). Referring to signaling theory, this is a negative signal to potential investors to pay attention to the company's performance before making an investment, because solvency is an important ratio to observe. This is supported by the findings of previous studies (Widya, 2018; Ahmad 2018; Hafidah, 2017) which prove that solvency has a negative effect on company value. From the description above, the fourth hypothesis in this study is:

H4: Solvency has a negative influence on Firm Value

Managerial Ownership

Capital structure refers to how a company finances its operations and expansion through a combination of equity and debt. An efficient capital structure, which optimizes the cost of capital, can increase profitability and reduce risk, thereby increasing the value of the company. Managerial ownership refers to the number of shares of the company owned by the company's managers or executives. If managers have a significant share of shares in the company, they are more likely to make decisions that optimize the capital structure. Referring to signaling theory, high managerial ownership provides a positive signal to the market that managers have a direct interest in the success of the company, so that the market will be more confident that an efficient capital structure will be chosen to increase the value of the company. Based on the description above, the fifth hypothesis of this study is:

H5: Managerial ownership can moderate the relationship between capital structure and firm value.

Managerial ownership can direct the best company policies in order to increase profitability so that it can increase the company's value. The higher the managerial ownership in the company is expected to increase the company's value where management will try as much as possible for the interests of shareholders. This applies because the management as shareholders will also get a large return if the company also gets a bigger profit. If the company can also get a higher profit, then the management who is also a stakeholder will also get a fairly large profit. Referring to signaling theory, when a company makes a significant profit, it will send a positive signal that benefits investors, which will tickle their interest in having a company that will also affect the stock price in the market. Based on the description above, the sixth hypothesis in this study is:

H6: Managerial ownership can moderate the relationship between profitability and firm value.

Managerial ownership can influence corporate decisions, including liquidity policies and strategies that impact firm value. If managers have significant shares, they may be more likely to manage liquidity carefully to support the company's survival. If managers have significant shares, this signal can strengthen the positive relationship between liquidity and firm value, because the market will see managers as more committed to managing liquidity and firm performance for long-term interests. Companies with high levels of liquidity show the ability to meet current liabilities from current assets owned, so this increases outsiders' trust in the company. This is supported by the findings in previous studies (Suryadi & Afridayani, 2021) proving that managerial ownership moderates the effect of liquidity on firm value. Based on the description above, the seven hypotheses in this study are:

H7: Managerial ownership can moderate the relationship between liquidity and firm value.

Large companies act more carefully in managing the company because they get attention from the public. Investors will have more confidence in large companies that have good corporate governance. Referring to the signal theory, large companies will give a positive signal to investors because they are considered to have more information than small companies. It is important for management who also own shares in the company to be aware of the importance of legitimacy from the community in terms of social and environmental matters related to the long-term sustainability of the company. Thus, management will not take actions that violate norms and act in the interests of the company. Making company behavior to create healthy policies for the prosperity of shareholders and the sustainability of the company. Based on the description above, the eight hypotheses in this study are:

H8: Managerial ownership can moderate the relationship between solvency and firm value.

RESEARCH METHODS

Research design is a guideline and method used in planning research. This study applies descriptive and associative research designs. Descriptive research is a type of research conducted to determine the value of each variable. While associative research aims to examine the relationship between two or more variables (Sujarweni, 2021). The population in this study involved all companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX). Data sources via the website www.idx.co.id. The purposive sampling technique is based on certain criteria, namely the company is part of the food and beverage sub-sector and has been registered in the 2020-2023 period on the Indonesia Stock Exchange (IDX), publishes annual reports consecutively in the 2020-2023 period and displays managerial share ownership in financial reports consecutively in the 2020-2023 period. The data analysis technique uses panel data analysis and moderated regression analysis (MRA) using E-Views statistical data processing. The regression equation used is as follows:

$$Y = \alpha + ß1X1 + ß2X2 + ß3X3 + ß4X4 + \varepsilon$$
$$Y = \alpha + ß1X1 + ß2X2 + ß3X3 + ß4X4 + ß5X1Z + ß6X2Z + ß7X3Z + ß8X4Z + \varepsilon$$

Information:
Y: Firm Value
α: Constant
ß1...ß8: Regression coefficients
X1 : Capital Structure
X2 : Profitability
X3 : Liquidity
X4 : Solvency
Z: Managerial Ownership
ε: Standard error

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RESEARCH RESULT

Descriptive Statistics

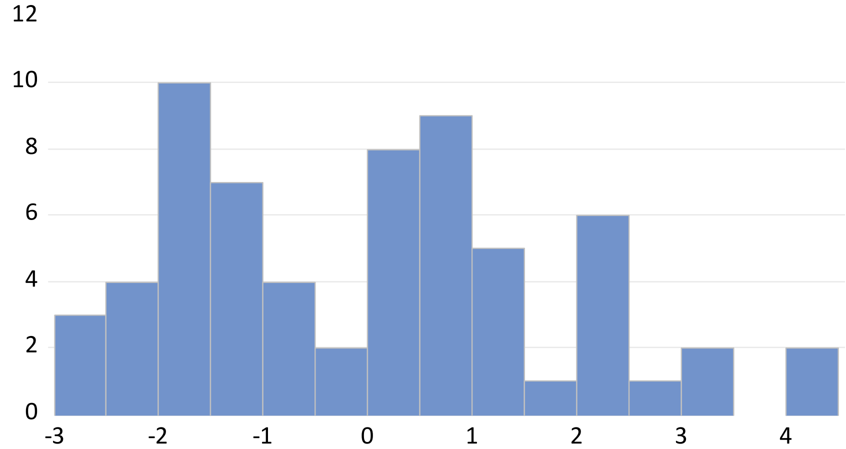
Descriptive statistical analysis to understand the description of the data used. Utilization of the Eviews 12 application program to conduct descriptive statistical tests. The results of this analysis are presented in the following table:

Table 1. Descriptive Statistics Results

Variables	Minimum	Maximum	Mean	Std. Deviation
Enterprise Value (PBV)	0.30	7.70	2.42	1.76
Capital Structure (DER)	0.11	7.94	0.87	1.04
Profitability (NPM)	0.00	0.27	0.08	0.06
Liquidity (CR)	0.33	13.30	2.97	2.81
Solvency (DAR)	0.10	191.4	3.38	23.87
Managerial Ownership (MWON)	1.01	9.47	4.69	3.11

Normality Test

The normality test shows that the data is normally distributed, as seen from the Jarque-Bera probability values, as follows:



Series: Standardized Residuals
Sample 2020 2023
Observations 64

Mean	-6.28e-16
Median	0.199919
Maximum	4.446971
Minimum	-2.768527
Std. Dev.	1.796772
Skewness	0.427970
Kurtosis	2.410754
Jarque-Bera	2.879583
Probability	0.236977

Figure 1. Normality Test Results

Multicollinearity Test

In this study there were no multicollinearity problems, as shown in the table below:

Table 2. Multicollinearity Test Results

	Correlation	Results
Capital Structure < > Profitability	-0.280967	No Multicollinearity Occurs
Capital Structure < > Liquidity	-0.400100	Not occur Multicollinearity
Capital Structure < > Solvency	-0.072443	Not occur Multicollinearity

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Profitability < > Capital structure	-0.280967	Not occur Multicollinearity
Profitability < > Liquidity	0.378480	Not occur Multicollinearity
Profitability < > solvency	-0.023782	Not occur Multicollinearity
Liquidity < > Capital structure	-0.40010	Not occur Multicollinearity
Liquidity < > Profitability	0.378480	Not occur Multicollinearity
Liquidity < > Solvency	0.042346	Not occur Multicollinearity
Solvency< > Capital structure	-0.072443	Not occur Multicollinearity
Solvency< > Profitability	-0.023782	Not occur Multicollinearity
Solvency< > Liquidity	0.042346	Not occur Multicollinearity

Heteroscedasticity Test

In this study, there was no heteroscedasticity problem, which is shown in the following table:

Table 3. Heteroscedasticity Test Results

	Prob	Results
Capital structure	0.7011	No Heteroscedasticity Occurs
Profitability	0.8726	No Heteroscedasticity Occurs
Liquidity	0.6220	No Heteroscedasticity Occurs
Solvency	0.5650	No Heteroscedasticity Occurs

Autocorrelation Test

In this study there were no autocorrelation problems, this can be seen from the Durbin Watson values shown in the following table:

Table 4. Autocorrelation Test Results

F-statistic	3.247292	*Durbin-Watson stats*	1.871056

Hypothesis Testing

After the data analysis requirements testing is completed, the next step is to test the significance of panel data regression using the random effect model as follows:

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Table 5. Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.784683	0.620615	2.875667	0.0056
X1	0.423855	0.150746	2.811708	0.0067
X2	7.116824	3.163132	2.249930	0.0282
X3	-0.118839	0.095975	-1.238235	0.2205
X4	-0.001991	0.005411	-0.367884	0.7143

Moderate Regression Analysis Test

After conducting the first equation hypothesis test, the second equation hypothesis test was carried out using moderated regression analysis using a random effect model, as follows:

Table 6. Results of Moderated Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.744268	1.815209	1.511819	0.1364
X1	-1.285595	1.581276	-0.813011	0.4198
X2	5.629049	4.973193	1.131878	0.2627
X3	-0.209664	0.296584	-0.706928	0.4827
X4	0.818096	2.374696	0.344506	0.7318
Z	-0.001369	0.347650	-0.003939	0.9969
X1Z	0.202556	0.206957	0.978737	0.3321
X2Z	0.286853	0.984430	0.291390	0.7719
X3Z	0.003317	0.039066	0.084915	0.9326
X4Z	-0.742146	0.742146	-0.345498	0.7311

DISCUSSION

The Influence of Capital Structure on Company Firm Value

The capital structure variable (X1) has a probability value of 0.0067 <0.05, so it can be concluded that H1 is accepted and means that the capital structure variable has a significant effect on the value of the company. The increase in capital structure shows that the company uses funds from debt more than equity, providing greater operational freedom because tax savings and other costs are higher than interest costs. The use of debt by the company shows its ability to increase capacity and repay the debt. Investors will have a more positive perception and this can increase the value of the company. Based on signaling theory, it states that when a company uses debt to fund its business, it will be seen by investors as a positive signal because the investor's perception when the company uses debt is that the company has good prospects in the future and ultimately makes the stock price soar. The higher the proportion of debt in the capital structure, the higher the value of the company. These results indicate that the use of greater debt can increase the value of the company. Therefore, if management can manage debt well, increasing the proportion of debt in the capital structure can generate profits for the company.

This is in line with and supports the results of previous studies conducted by (I Gusti & Ni Putu, 2019; Gilang, 2022; Kammagi & Venny, 2023; Arliza et al., 2024) which show that capital structure has a positive and significant effect on company value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange because companies that have a high capital structure make investors believe that the company is growing and has the potential to earn greater profits in the future. Therefore, it is likely that investors will be interested in investing their capital in companies that have a high capital structure.

The Influence of Profitability on Firm Value

The profitability variable (X2) has a probability value of 0.0282 <0.05, so it can be concluded that H2 is accepted and means that the profitability variable has a significant effect on company value. High profitability provides a strong basis for further investment. Companies that have good profit margins have more resources to invest in innovation, product development, or market expansion. This allows the company to continue to grow and develop, which of course will increase the company's value in the eyes of investors. Good profitability also reduces financial risk because companies can more easily overcome debt or other financial constraints. With a high NPM, companies show that they are able to manage their resources effectively, which reduces dependence on external financing and increases their attractiveness in the capital market. Referring to signaling theory, that companies are managed efficiently, both in terms of controlling costs and increasing revenue. High profits per unit of sales indicate good management, which is a positive signal for investors and stakeholders. High profitability describes the company's performance in generating profits that can be used for growth, dividend payments, and overcoming business risks, so investors tend to view companies with high profitability as more promising investments, which can increase demand for its shares and positively affect the company's value.

This is in line with and supports the results of previous studies conducted by (Nova & Afza, 2023; Jihadi et al, 2021; Choirul et al, 2021) which show that profitability has a positive and significant effect on company value. The higher the profit obtained by the company, the greater the level of dividend payments distributed to shareholders, which can trigger an increase in demand for shares. In contrast to research from (Indah et al, 2021; Faldy & Marjam, 2019). This study proves that profitability does not affect company value because high profitability does not always have a significant effect on company value

The effect of liquidity on Firm value

The liquidity variable (X3) has a probability value of 0.2205 > 0.05, so it can be concluded that H3 is rejected. Companies that have a lot of cash or assets that are easily cashed may be considered not to be utilizing the funds optimally. For example, if a company has a lot of cash that is not used for investment, then the funds are considered unproductive. If the company only stores cash without a clear purpose, this could potentially lose the opportunity to generate higher profits. This is in accordance with signaling theory, when a company has high liquidity, investors may see it as a negative signal because the company is not utilizing its funds optimally, although the current ratio shows the company's ability to pay short-term debts. So this condition can be interpreted that the value of current assets with a comparison of short-term debt does not have a positive effect on increasing the value of the company. High liquidity can lead to cash hoarding, so it is seen as not allocating funds for development that can improve the company's future. This is in line with and supports the results of previous research conducted by (Astuti & Yadnya, 2019; Ambarwati, 2021; Gilang, 2022) which proves that liquidity does not affect company value in food and beverage companies listed on the Indonesia Stock Exchange.

The effect of solvency on Firm value

The solvency variable (X4) has a probability value of 0.7143 > 0.05, so it can be concluded that H4 is rejected and means that the solvency variable is not significant to the company's value. When a company has a high level of solvency, meaning it uses a lot of debt, then the company has a greater financial risk. High debt means that the obligation to pay interest and principal will increase, which can burden the company's cash flow. High debt levels can increase the risk of bankruptcy, especially if the company is unable to generate enough cash flow to pay its obligations. This is often considered a negative factor that can reduce the value of the Company. If the value of a company decreases, the company's stock price will also decrease. This can affect investor interest in investing. Investors assume that the higher the debt, the riskier an investment. So many investors avoid a company with a high level of debt.

These results are in line with research conducted by (Nova & Afza, 2023; Abrori, 2019; Andy & Jonnardi, 2020) which shows that solvency does not affect company value. However, it is contrary to research conducted by (Komala et al, 2021; Andriani & Rudianto, 2019; Thoha & Hairunnisa, 2022). The study shows that solvency affects company value in food and beverage companies listed on the Indonesia Stock Exchange. This shows that high solvency can lead to greater potential returns and increase company value if the company is able to manage its debt well and use debt funds for profitable investments.

Managerial Ownership Ability as a Moderating Variable on Firm Value

The results of hypothesis testing (H5) prove that the hypothesis is rejected. Managerial ownership has a probability value of 0.3321 > 0.05, so it can be concluded that managerial ownership is not able to moderate the effect of capital structure on firm value. Hypothesis testing shows that managerial ownership measured using MWON is not able to moderate the relationship between capital structure measured by debt to equity ratio and firm value measured using Price to Book Value (PBV). This study proves that managerial ownership is not able to moderate the effect of capital structure on firm value. Managerial ownership measured using MWON cannot be used as a consideration to increase firm value. This is due to the fact that when management share ownership increases, they are more responsible for the risks associated with their decisions, which also causes them to be more careful in taking debt.

The results of hypothesis testing (H6) prove that the hypothesis is rejected. managerial ownership has a probability value of 0.7719 > 0.05, so it can be concluded that managerial ownership is unable to moderate the effect of profitability on company value. Hypothesis testing shows that managerial ownership measured using MWON is unable to moderate the relationship between profitability measured by net profit margin on company value measured using Price to Book Value (PBV). This study proves that managerial ownership is unable to moderate the effect of profitability on company value. managerial ownership measured using MWON cannot be used as a consideration to increase company value. In general, the portion of managerial ownership of a company is still not evenly distributed across all companies, this causes there to be no more influence on investor assessments regarding management ownership in determining the value of a company. Profitability itself has no effect on the value of a company, because the limits of its ability to increase company profits are still considered less than optimal. in line with research conducted by (Nugroho et al, 2019; Santoso et al, 2022) which shows that managerial ownership of a company is not able to moderate profitability on company value in food and beverage sub-sector companies.

The results of hypothesis testing (H7) prove that the hypothesis is rejected. Managerial ownership has a probability value of 0.9326 > 0.05, so it can be concluded that managerial ownership is unable to moderate the effect of liquidity on company value. Hypothesis testing shows that managerial ownership measured using MWON is unable to moderate the relationship between liquidity as measured by the current ratio on company value. Management ownership that is not supported by management's ability to utilize current assets to maximize profitability cannot strengthen positive signals to investors, so management ownership may not necessarily be able to strengthen the effect of liquidity on company value. Managers who own company shares may not have sufficient resources or the ability to increase company liquidity, especially if the company faces major challenges in terms of cash management or fundraising. For example, the company may face difficulties in accessing capital markets or difficulties in monetizing assets, which can reduce liquidity. If managers do not have the capacity or resources to increase liquidity, they may not be able to moderate the relationship between liquidity and company value. In this case, liquidity remains affected by other factors, such as market conditions or external policies.

The results of the hypothesis test (H8) prove that the hypothesis is rejected. Managerial ownership has a probability value of 0.7311> 0.05, so it can be concluded that managerial ownership is unable to moderate the effect of solvency on company value. Hypothesis testing shows that managerial ownership as measured using MWON is unable to moderate the relationship between solvency as measured by the debt to asset ratio and company value. Managerial ownership may not be enough to address the risks associated with the company's solvency. Managers may have incentives to avoid financial risk or focus on more conservative financial policies, but if the company is already in poor financial condition or is heavily dependent on debt, managerial ownership will not be effective in modernizing the relationship between solvency and company value. This is in line with research conducted by (Rhamaniza, 2023) which states that managerial ownership is unable to moderate the relationship between solvency and company value in food and beverage sub-sector companies. These results are not supported by research conducted by (Komala & Triyani, 2019). The study proves that managerial ownership is able to moderate the relationship between solvency and company value in food and beverage sub-sector companies.

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