

Impact of Liquidity, Financial Leverage, Activity and Profitability on Firm Value: The case of Agribusiness and Food Industry

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Abstract

The objective of this study is to investigate the effect of liquidity, debt structure, inventory turnover and profitability towards firm value of agribusiness together with food and beverage companies that listed in Thailand Stock Exchange. From existing literature reviews, we select four factors as explanatory variables including liquidity, activity, leverage and profitability while firm size is assigned as controllable variable. Whereas price to book, a dependent variable is employed as proxy for firm value. This study uses secondary data collected from annual financial statements of companies in agribusiness and food including beverage industry for the period of 11 years from 2013-2023. After examining the data, only 551 samples are qualified under the criteria. The multiple regression model is implemented for statistical testing at the significant level 0.05. By that time, the results found a positive effect of inventory turnover which a representative of activity and return on invested capital which a delegate for profitability to firm value. This model is supported with R^2 of 0.109. We also observe that Thai agribusiness and food firms can increase their firm value by maximize the effectiveness of the company's activities in utilizing its inventory to generate sales and sustain the high level of profit. The findings in this study can assist investors or managers to comprehend the effect of specific determinants regarding the agribusiness and food industry's stock price in Thailand.

Keywords: Liquidity; Financial Leverage; Return on Invested Capital; Firm Value; Thai agribusiness and food industry