

The Influence of Company Growth, Capital Structure, and Liquidity on Earnings Response Coefficient (A Study of Food and Beverage Sub Sector Companies Listed on the Indonesia Stock Exchange from 2019 to 2023)

Pengaruh Pertumbuhan Perusahaan, Struktur Modal, dan Likuiditas Terhadap Earnings Response Coefficient (Studi Pada Perusahaan Subsektor Makanan dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Tahun 2019-2023)

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ABSTRACT

This study aims to determine and analyze the effect of company growth, capital structure, and liquidity on ERC. This type of research is quantitative research with secondary data sources for 2019-2023 obtained from the official IDX and Yahoo Finance websites. The sampling technique used the purposive sampling method with a sample of 27 companies from 95 food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during 2019-2023. The data analysis used was multiple linear regression analysis with the help of SPSS version 25. The results of the study showed that (1) company growth had a positive and significant effect on the earnings response coefficient; (2) Capital structure had a significant negative effect on the earnings response coefficient; (3) liquidity has a significant positive effect on the earnings response coefficient.

Keywords : Company Growth, Capital Structure, Liquidity, Earnings Response Coefficient

ABSTRAK

Penelitian ini bertujuan untuk mengetahui dan menganalisis pengaruh pertumbuhan perusahaan, struktur modal, dan likuiditas terhadap ERC. Jenis penelitian ini adalah penelitian kuantitatif dengan sumber data sekunder tahun 2019-2023 yang diperoleh dari situs resmi IDX dan Yahoo Finance. Teknik pengambilan sampel menggunakan metode purposive sampling dengan sampel sebanyak 27 perusahaan dari 95 perusahaan subsektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia (BEI) selama tahun 2019-2023. Analisis data yang digunakan adalah analisis regresi linier berganda dengan bantuan SPSS versi 25. Hasil penelitian menunjukkan bahwa (1) pertumbuhan perusahaan berpengaruh positif dan signifikan terhadap koefisien respon laba; (2) Struktur modal berpengaruh negatif signifikan terhadap koefisien respon laba; (3) likuiditas berpengaruh positif signifikan terhadap koefisien respon laba.

Kata Kunci: Pertumbuhan Perusahaan, Struktur Modal, Likuiditas, Earnings Response Coefficient

1. INTRODUCTION

Financial reports are a tool in a business organization or company to communicate between financial data or activities of a company and parties who aim to use it in making economic decisions (Herispon, 2009). One of the elements that is very much considered and awaited for information in the financial statements is the income statement. A method to assess earnings quality is by analyzing how investors react to reported earnings (Dechow et al., 2010). According to Scott (2015) Earnings Response Coefficient (ERC) is a measure of the magnitude of security market returns in response to unexpected and reported earnings components of the company that issued the stock.

Ball & Brown (2014) suggest that there is a relationship between earnings announced by the company and changes in stock prices. If the company announces an increase in profit,

there will be a positive trend in stock price changes and vice versa if the company announces a decrease in profit, there will be a negative change in stock price.

The statement from Ball & Brown is different from what happened to one of the food and beverage sub-sector companies, namely the company PT Indofood Sukses Makmur Tbk (INDF). PT INDF experienced an increase in net profit in 2023 compared to the previous year. PT INDF recorded a net profit for the year of Rp 8.14 trillion or an increase of 28.12% on an annual basis or year on year (yoy) compared to 2022 of Rp 6.35 trillion. However, this positive performance was not responded to well by the market. In the past month, INDF's stock price accumulated a weakening of 200 points or 3.04%. INDF's share price on Tuesday, March 26, 2024 closed at 6,375, down 75 points or 1.16% compared to the previous day. (Source: Kontan.co.id on 27/03/2024).

In contrast to what PT Panca Mitra Multiperdana Tbk (PMMP) felt, in the performance of the third quarter of 2023. PT PMMP recorded a plummeting financial performance, the company recorded a net profit of only US\$ 4.75 million. This amount fell by 44.60% from the previous year's period of US\$ 8.57 million. Despite its declining financial performance, PMMP shares have soared by 90.55% since the close of October 20, 2023 at the level of Rp254 per share and continued to rise by 103.85% since December 19, 2023 to the highest level on intraday February 15, 2024 at the level of Rp530 per share. (CNBC Indonesia on February 21, 2024).

From what happened to PT INDF and PT PMMP, it shows that the increase in profit announced by the company is not necessarily followed by positive stock price movements, and vice versa. So from the above phenomenon, profit alone is not enough to be the only basis for investors in making decisions. So it can be indicated that there are other factors related to the company that influence investors. ERC is one of the indicators that can be used to see how much the market responds to the earnings information announced by the company (Irwan & Cahyaningsih, 2020).

Previous research on ERC has been very much researched but there are different results and variables between studies. The existence of different and inconsistent results is the motivation to conduct research again on ERC. Therefore, in this research, testing is carried out on several factors that affect ERC, namely company growth, capital structure, and liquidity.

2. LITERATURE REVIEW

2.1. Signalling Theory

The concept of signaling theory was initially introduced by Spence in 1973. According to Spence, the party possessing information (the sender) conveys signals that reflect the company's condition, aiming to benefit the information receiver, such as investors. Companies can increase shareholder value by minimizing information asymmetry by providing signals to other parties, such as financial information that can minimize the uncertainty of the company's future. Signals can also be reliable information about the company's image and future prospects (Brigham & Houston, 2013). Company growth, capital structure and liquidity are some very important information as a signal to investors.

Growth opportunities are changes in total assets owned by the company (Kartini & Arianto, 2008). Faster company growth can reflect the magnitude of the need for funds if the company wants to expand its business, thus increasing the company's desire to increase profits. So that rapid growth does not mean uncontrolled cost growth, the management of company growth must have operational control with an emphasis on cost control. Company growth in this study is proxied by Price To Book Value (PBV). The higher the PBV, the higher the investor's assessment of the company's book value because investors believe that the company can provide capital gains in the future. Shareholders or investors will provide an assessment of a growing company which is shown in the increase in share prices in the capital market. The increase in stock prices will also encourage an increase in the earnings response coefficient.

Untung & Sugiono (2016) stated that well-managed companies generally show a PBV greater than 1, reflecting a valuation that exceeds their book value.

According to Tangngisalu et al. (2020) Capital structure is a company's financial framework consisting of debt and equity used to finance a company and is crucial because it is related to the cost of capital and also the company's financial risk. As explained earlier, the capital structure that affects ERC is identical to the level of debt usage (leverage ratio) that the company has. The Debt to Equity Ratio (DER) offers insight into a company's capital structure, making it possible to assess the risk of default. A high DER indicates that a company carries significant debt, which leads to higher interest obligations. These financial burdens may undermine investor confidence (Chasanah, 2018). According to Nugrahani & Sampurno (2012) investors tend to be more interested in a certain DER level of less than one or 100% because if more than one indicates the company's risk tends to be higher.

Liquidity refers to a company's ability to meet short-term obligations. Conventionally, short-term is considered to be a period of up to one year although this time period is associated with the normal operating cycle of a company (a period of time that includes the purchase-production-sales-billing cycle). The importance of liquidity can be seen by considering the impact stemming from a company's inability to meet its short-term obligations (Subramanyam & Wild, 2014). In this study, liquidity is proxied by Current Ratio (CR), CR is calculated by comparing total current assets with total current debt. Kasmir (2017) stated that the ideal Current Ratio according to industry standards is around 200%, or twice the liabilities. This ratio is classified into three categories: 200–250% as good, 100% to less than 200% as less favorable, and below 100% as poor.

Earnings response coefficient has the aim of explaining and showing various market reactions to earnings reports from various companies. The market will react when the company announces profits in the capital market, it triggers a market reaction. The market's reaction is influenced by the quality of earnings a company produces. When earnings information prompts a strong market response, it is typically indicated by a high Earnings Response Coefficient (ERC). Conversely, if the market reaction to earnings information is weak, it will be reflected in the low ERC (Silfia, 2017). Research conducted by Collins & Kothari (1989) which measures earnings quality using ERC through the Cumulative Abnormal Return (CAR) and Unexpected Earnings (UE) index models to measure and analyze the validity of the half-strong efficient market theory by observing CAR.

The Earnings Response Coefficient (ERC) reflects abnormal fluctuations in stock prices triggered by the unexpected portion of earnings announced by the company. Growth can affect ERC because if a company has a large growth opportunity in the future, the opportunity to generate profits will also increase proportionally. In signal theory, financial information serves as a signal or indicator for stakeholders regarding the condition and performance of the company. The growth of a company can influence an increase in the volume of its stock sales. The company's high growth ability can signal to investors that the company will get an increase in profits generated, so that this will affect investor perceptions and decisions. The results of previous research conducted by Efrinal & Astuti (2022), Nurhuda & Darmayanti (2024), show that company growth has a positive effect on ERC. With reference to previous research, the proposed hypothesis is as follows:

H1 : Company growth has a positive effect on ERC

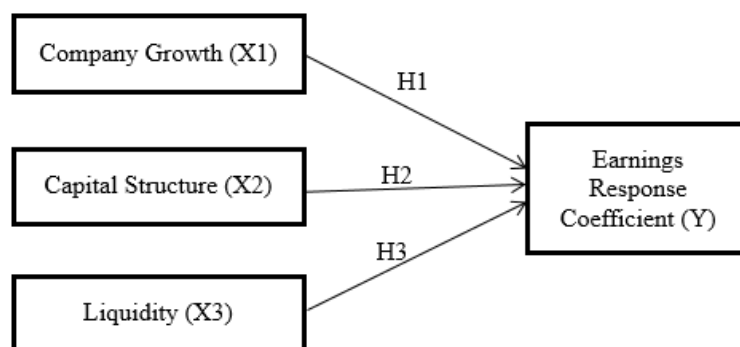
Capital structure provides information about the ratio between the amount of capital derived from long-term debt and equity, the capital structure must be well designed in order to maintain financial stability so that the company gets the expected profit, the use of more long-term debt will cause a decrease in profitability (Iskandar et al., 2014). There is information content in the announcement of information that can be a signal for investors and other potential parties in making economic decisions. Signal theory explains that if the DER value of

the capital structure is measured in a company, it can signal to the market about the level of risk faced by the company. A high DER value can be interpreted by investors as an indication that the company will prioritize debt payments to creditors over dividend payments to investors. This can affect ERC because investors may have less confidence in the company's published earnings. Based on research conducted by Oktaviani & Wirianata (2024), and Yohana Adelia Della Ros (2022) shows that Capital Structure has a negative effect on ERC. With reference to previous research, the proposed hypothesis is as follows:

H2 : Capital structure negatively affects ERC

Liquidity ratio is a financial ratio that measures how much the company's ability to pay off its short-term liabilities using current assets (Sutrisno, 2003). Companies that have a high level of liquidity avoid the risk of failure to pay off their short-term liabilities. A high level of liquidity can provide a positive signal about the company's ability to meet all maturing short-term obligations. Investors may expect a company with a high level of stability, which may increase the ERC. The stability of the company that is maintained due to maintaining the liquidity of the company will be interpreted positively by investors so that it can increase ERC, while companies that do not maintain their liquidity can have the opposite impact on ERC. The results of previous research conducted by Assagaf & Tyas (2021) show that liquidity has a positive effect on ERC. With reference to previous research, the proposed hypothesis is as follows:

H3 : Liquidity has a positive effect on ERC



Gambar 1. Conceptual Framework

3. METHOD

The object of this research is the company growth, capital structure, liquidity, and earnings response coefficient of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The method used in this study is a verificative research approach, which involves presenting answers derived from reasoning, with conclusions that are provisional in nature (hypotheses). The type of data used in this study is quantitative, in the form of secondary data sourced from the financial and annual reports of food and beverage companies for the years 2019–2023, which are published and listed on the IDX, as well as stock closing prices and *Indeks Harga Saham Gabungan* (IHSG) of food and beverage companies for the same period, which are published on the Yahoo Finance website.

This research employs a documentation technique for data collection, with data obtained and compiled through the websites www.idx.co.id and finance.yahoo.com. The sampling technique used in this research is purposive sampling, with the following criteria for sample selection: (1) Companies that were consecutively listed on the Indonesia Stock Exchange from 2019 to 2023; (2) Food and beverage companies that consistently published their annual financial reports on the IDX from 2019 to 2023; (3) Food and beverage sub-sector companies that generated profits consistently from 2019 to 2023. The sample in this study

consists of 27 companies, resulting in 135 observations over 5 years (27 companies × 5 years), with 51 data points identified as outliers. Thus, the total number of data observations used in this research is 84.

Data analysis in this study was conducted using SPSS version 25 software, employing descriptive statistical tests to provide an overview of the research variables and to support the observed variables without making generalizations or drawing conclusions. Classical assumption tests were also used, which include the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. This study applied logarithmic data transformation (LG10) to address data that were not normally distributed. One method to handle non-normally distributed data is by performing data transformation (Yuniarto & Kurniawan, 2016). Additionally, hypothesis testing was carried out using the partial test (t-test) along with the coefficient of determination test. Lastly, multiple linear regression analysis was performed using the following regression model: $ERC_{it} = \alpha + b_1X_{1it} + b_2X_{2it} + b_3X_{3it} + e$.

3.1. OPERATIONAL VARIABLES

3.1.1. Independent Variable

According to Sugiyono (2013), Independent Variables are often referred to as stimulus variables, inputs, predictors or independent variables. Independent variables are variables that cause the emergence or change of the dependent variable (dependent variable). So, independent variables are variables that affect the dependent variable. In this study, the independent variables are Company Growth, Capital Structure, and Liquidity.

Tabel 1. Formula for Independent Variables

No	Variable	Description	Indicator	Scale
1	X1	Company Growth	$PBV = \frac{\text{Market Value of Equity}}{\text{Book Value of Equity}}$	Ratio
2	X2	Capital Structure	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$	Ratio
3	X3	Liquidity	$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Ratio

3.1.2. Dependent variable

Dependent variables are also often called response variables, outputs or dependent variables. The dependent variable is the one that is affected by or results from the independent variable. In this study, the dependent variable is earnings response coefficient. ERC is the reaction of stock returns to any earnings or earnings surprises. To find out the value of ERC, it must go through several stages of calculation as follows:

Tabel 2. Steps to Calculate ERC

No	Steps	Formula	Description
1	Calculating daily stock return	$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$	R_{it} = Return saham perusahaan i pada tahun t P_{it} = Harga penutupan saham i pada hari t P_{it-1} = Harga penutupan saham i pada hari t – 1
2	Calculating daily market return	$Rm_t = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$	Rm_t = Return pasar harian $IHSG_t$ = Indeks harga saham gabungan pada hari t $IHSG_{t-1}$ = Indeks harga saham gabungan pada hari t–1

No	Steps	Formula	Description
3	Calculating abnormal return	$AR_{it} = R_{it} - Rm_t$	ARit = Abnormal Return perusahaan ke-i pada periode peristiwa ke-t Rit = Return saham perusahaan i pada tahun t Rmt = Return indeks pasar pada hari tertentu
4	Calculating Cumulative Abnormal Return (CAR)	$CAR = \sum_{t=-3}^{t=+3} AR_{it}$	CAR = Cummulative abnormal return perusahaan i selama 3 hari sebelum, 1 hari pada tanggal publikasi dan 3 hari sesudah laba dipublikasi. ARit = Abnormal return untuk perusahaan i
5	Calculating Unexpected Earning (UE)	$UE_{it} = \frac{EAT_{it} - EAT_{it-1}}{EAT_{it-1}}$	UEit = Unexpected Earnings perusahaan i pada periode (tahun) EATit = Laba/rugi akuntansi perusahaan i pada periode (tahun) setelah pajak. EATit-1 = Laba/rugi akuntansi perusahaan i pada periode (tahun) sebelumnya setelah pajak pada sehari sebelum periode tertentu.
6	Calculating ERC	$ERC = \frac{CAR_{it} - a}{UE_{it}}$	CARit = Kumulasi abnormal return dari masing-masing sekuritas selama periode UEit = Laba kejutan untuk perusahaan i pada pengumuman laba a= Konstanta

4. RESULTS

4.1. Descriptive Statistics

Tabel 3. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Company Growth	84	,56	8,48	2,7841	1,91226
Capital Structure	84	,06	4,48	,9566	,84521
Liquidity	84	,64	8,80	2,3710	1,71084
ERC	84	,00	10,62	,5012	1,37433
Valid N (listwise)	84				

Source: Secondary Data Processed, 2025

Based on table 3 above, it can be concluded that the earnings response coefficient variable proxied by ERC has an average (mean) value of ,5012 with a standard deviation value of 1.37433, as well as a minimum value of ,00 at PT Sariguna Primatirta Tbk and a maximum value of 10.62 at PT Budi Starch & Sweetener Tbk. The Company Growth variable has a minimum value of ,56 at PT Indofood Sukses Makmur Tbk and has a maximum value of 8.48 at PT Tunas Baru Lampung Tbk, and an average value (mean) of 2.7841, with a standard deviation of 1.91226. The Capital Structure variable has an average value (mean) of ,9566 and a standard deviation of ,84521. The capital structure variable proxied by DER has a minimum value of ,06 at PT PP London Sumatra Indonesia Tbk and has a maximum value of 4.48 at PT Akasha Wira International Tbk. The liquidity variable has an average value (mean) of 2.3710 and a standard deviation of 1.71084 has a minimum value of ,64 at PT Campina Ice Cream Industry Tbk and has a maximum value of 8.80 at PT Bisi International Tbk.

4.1.2. Classical Assumption Test

Normality Test

The normality test aims to test whether the independent variable regression model and the dependent variable have a normal distribution or not. This study utilizes the Kolmogorov-Smirnov Test, where the statistical test can be said to be normal if it has an unstandardized residual value of more than 0.05.

Tabel 4. Kolmogorov-Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	84
Normal Parameters	
Mean	,0000000
Std. Deviation	,73021695
Most Extreme Differences	
Absolute	,077
Positive	,051
Negative	-,077
Test Statistic	,077
Asymp. Sig. (2-tailed)	,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Secondary Data Processed, 2025

Table 4 The significance value is 0.200 (which is greater than 0.05), indicating that the data is considered to be normally distributed.

Multicollinearity Test

Tabel 5. Multicollinearity Test Results.
Coefficients^a

	Model	Collinearity	Statistics
		Tolerance	VIF
1	(Constant)		
	Company Growth	,995	1,005
	Capital Structure	,898	1,114
	Liquidity	,897	1,115

a. Dependent Variable: ERC

Source: Secondary Data Processed, 2025

According to Table 5, the tolerance value exceeds 0.1, and the VIF is below 10, indicating that there are no signs of multicollinearity in the research data.

Heteroscedasticity Test

Tabel 6. Heteroscedasticity Test Results.
Coefficients^a

	Model	Sig.
1	(Constant)	,000
	Company Growth	,854
	Struktur Modal	,900
	Liquidity	,171

a. Dependent Variable: ABS_RES

Source: Secondary Data Processed, 2025

The table 6 shows that the significance value exceeds 0.05 for all variables, which suggests that the research data does not exhibit symptoms of heteroscedasticity.

Autocorrelation Test

The autocorrelation test is used to determine if there is a correlation between confounding errors in period t and those in period $t-1$ (the previous period) within the regression model. The decision criteria for identifying autocorrelation are as follows: (a) If the DW value is lower than dL or greater than $(4-dL)$, the null hypothesis is rejected, indicating the presence of autocorrelation; (b) If the DW value falls between dU and $(4-dU)$, the null hypothesis is accepted, suggesting no autocorrelation; (c) If the DW value is between dL and dU or between $(4-dU)$ and $(4-dL)$, no definite conclusion can be drawn.

Tabel 7. Autocorrelation Test Results.
Model Summary^b

Model	Durbin-Watson
1	1,871

a. Predictors: (Constant), Liquidity, Company Growth, Capital Structure

b. Dependent Variable: ERC

Source: Secondary Data Processed, 2025

Based on the table above, the Durbin Watson value is 1.871, the comparison uses a significance value of 5%, the number of samples is 84 (n), and the number of independent variables is 3 ($k = 3$), then the DurbinWatson table will get a du value of 1.7199. Because the DW value of 1.871 is greater than the upper limit (DU) of 1.7199 and less than $4 - 1.7199$ (2.2801), it can be concluded that there is no autocorrelation.

Multiple Linear Regression Test

Multiple linear regression analysis is employed to assess the impact of independent variables on the dependent variable, determining whether each independent variable has a positive or negative relationship, and to forecast the dependent variable's value when the independent variables increase or decrease. The results of the multiple linear regression equation are shown in Table 8.

Tabel 8. Multiple Linear Regression Test Results.

Coefficient ^a					
Model	Unstandardized		Standardized	t	Sig.
	B	Coefficients	Coefficients		
		Std. Error	Beta		
(Constant)	-1,225	,181		-6,757	,000
1 Company Growth	,572	,263	,221	2,175	,033
Capital Structure	-,174	,086	-,216	-2,024	,046
Liquidity	,104	,044	,252	2,357	,021

a Dependent Variable: ERC

Source: Secondary Data Processed, 2025

The multiple linear regression equation is derived from Table 8 as follows:

$$\text{ERC} = 1.225 + 0.572X_1 - 0.174X_2 + 0.104X_3 + e$$

The constant value is -1.225, meaning that if all independent variables are 0, the ERC value will be -1.225. Company Growth has a regression coefficient value of 0.572, if the Company Growth value increases by 1, the ERC value will increase by 0.572%. Capital Structure has a coefficient value of -0.174, if the Capital Structure increases by 1%, the ERC will increase by 0.174%. Liquidity has a coefficient value of 0.104, if the liquidity value increases by 1%, the ERC will increase by 0.104%.

Hypothesis Test

t-Test Results

The t-test essentially measures the individual impact of an independent variable in explaining the variation in the dependent variable by examining the significance value of t in the regression output, typically at a threshold of 0.05 or 5%. The hypothesis is accepted and said to have an effect if the significant value of t < 0.05. The t test results can be seen in table 9.

Tabel 9. T-test

Coefficients ^a					
Model	Unstandardized	Coefficients	Standardized	t	Sig.
	B	Std. Error	Coefficients		
	Beta				
(Constant)	-1,225	,181		-6,757	,000
1 Company Growth	,572	,263	,221	2,175	,033
Capital Structure	-,174	,086	-,216	-2,024	,046
Liquidity	,104	,044	,252	2,357	,021

a. Dependent Variable:ERC

Source: Secondary Data Processed, 2025

Based on table 9, it can be explained that the Company Growth Variable has a significance value of 0.033, which is smaller than 0.05. This shows that Company Growth partially has a significant effect on ERC. In other words, an increase in PP will contribute positively to the ERC value. The Capital Structure variable has a significance value of 0.046,

which is lower than 0.05. This means that Capital Structure partially has a significant influence on ERC, although the coefficient is negative. That is, an increase in SM will significantly reduce the ERC value. The Liquidity variable has a significance value of 0.021, which is below 0.05. This suggests that Liquidity has a significant partial effect on ERC. An increase in Liquidity will have a positive impact on the ERC value.

R-squared

The coefficient of determination (R^2) test is used to measure how far the model's ability to explain variations in the dependent variable. If the greater the coefficient of determination, the more information the independent variable can explain. The results of the coefficient of determination test can be seen in table 10.

Tabel 10. R-squared (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,426	,181	,151	,74378

a. Predictors: (Constant), LIK, SM, PP

Source: Secondary Data Processed, 2025

Based on the results of the coefficient of determination above, the R Square value is 0.181 or 18.1%. This shows that the independent variables (PP, SM, and LIK) can explain the variation in the dependent variable (ERC) by 18.1%. Meanwhile, 81.9% of the variation in ERC is influenced by other variables outside this research model. Thus, although this model provides a significant contribution, there are still other factors that influence purchasing decisions that are not included in this analysis.

5. DISCUSSION

5.1. The Effect of Company Growth on the Earnings Response Coefficient

The results showed that company growth proxied by Price To Book Value (PBV) has a positive and significant effect on earnings response coefficient. This can be seen in table 9 which shows that the unstandardized beta coefficient value is 0.221 with a significance level of 0.033 or smaller than 0.05. So that the first hypothesis (H_1) which states that company growth has a positive effect on earnings response coefficient can be accepted. This shows that company growth in food and beverage sub sector companies listed on the IDX in 2019-2023, proxied by PBV, is highly considered by investors and potential investors in making decisions to invest. This supports signal theory, where the value of company growth is important information that is signaled to shareholders in seeing the condition of the company. Investors are very concerned about company growth proxied by PBV, because PBV shows more value than its net assets, which reflects high growth expectations, good reputation, or intangible assets such as trademarks, so that it can provide capital gains in the future. The results of this study are in line with research conducted by Efrinal & Astuti (2022), and Nurhuda & Darmayanti (2024) which state that company growth has a positive effect on earnings response coefficient. However, the results of this study differ from the research conducted by (Rahmawati & Asyik, 2020), which states that company growth has a negative effect on the earnings response coefficient.

5.2. The Effect of Capital Structure on the Earnings Response Coefficient

The results showed that capital structure proxied by Debt to Equity Ratio (DER) has a negative and significant effect on earnings response coefficient. This can be seen in table 9 which shows that the unstandardized beta coefficient value is -0.252 with a significance level of 0.006 or smaller than 0.05. As a result, the second hypothesis (H_2), which asserts that capital structure has a negative impact on the earnings response coefficient, is accepted. This reflects that the capital structure in food and beverage sub sector companies listed on the IDX in

2019-2023, proxied by the Debt to Equity Ratio (DER), is important information, this supports signal theory, that capital structure information serves as a signal or indicator for stakeholders regarding the condition and performance of the company, because the capital structure shows the proportion between total debt and total equity. The higher the DER value indicates that the composition of total debt is greater than the total equity capital so that the company has a large impact on creditors. Greater use of debt can lead to higher expectations of returns and a higher risk of a decline in share prices because if the company earns profits, the company will prioritize debt payments over dividends. Thus, it is the creditors who benefit more than investors or shareholders. This risk causes investors or shareholders to have less confidence in the earnings published by the company, resulting in a low market response or earnings response coefficient value. The results of this study are in line with research conducted by Oktaviani & Wirianata (2024), and Yohana Adelia Della Ros (2022) which states that capital structure has a negative effect on earnings response coefficient. However, the results of this study differ from the research conducted by (Rahmawati & Asyik, 2020) and (Anggita & Hidayati, 2021), which asserts that capital structure does not influence the earnings response coefficient.

5.3. The Effect of Liquidity on the Earnings Response Coefficient

The results showed that liquidity proxied by Current Ratio (CR) has a positive and significant effect on earnings response coefficient. This can be seen in table 9 which shows that the unstandardized beta coefficient value is 0.264 with a significance level of 0.002 or smaller than 0.05. So the third hypothesis (H_3) which states that liquidity has a positive effect on earnings response coefficient can be accepted. This indicates that prospective investors and shareholders in food and beverage sub-sector companies listed on the IDX during 2019–2023 tend to pay attention to the level of liquidity, as reflected by the company's current ratio, after the announcement of earnings. This supports the signaling theory, which explains how company management conveys signals to external parties—particularly investors—regarding the company's condition and future prospects. In this study, a company's liquidity level serves as an indicator to distinguish between poorly performing firms and those capable of managing operational cash flow effectively. Better liquidity enhances the company's image and builds trust among third parties, especially suppliers and banks, as it demonstrates the company's ability to meet short-term obligations on time. The results of this study are in line with research conducted by Assagaf & Tyas (2021) which states that liquidity has a significant positive effect on earnings response coefficient. However, the results of this study differ from the research conducted by Yohana Adelia Della Ros (2022), Which suggests that liquidity has no impact on the earnings response coefficient.

6. CONCLUSION

The purpose of this study was to analyze the impact of company growth, capital structure, and liquidity on the earnings response coefficient in food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. Based on the results of data analysis and the discussion carried out, the following conclusions can be drawn: (1) Company growth has a positive and significant effect on the earnings response coefficient. This indicates that company growth, as proxied by the Price to Book Value (PBV), is highly considered by investors and potential investors in making investment decisions. Investors pay close attention to company growth proxied by PBV because it reflects a premium over net assets, indicating high growth expectations, good reputation, or intangible assets such as brand value, which could lead to capital gains in the future; (2) Capital structure has a significant negative effect on the earnings response coefficient. Capital structure, as proxied by the Debt to Equity Ratio (DER), reflects the proportion of debt to total equity. This shows that a company with a high DER value has more debt than equity, resulting in a lower or negative investor response, as

investors perceive that if a company earns a large profit, creditors will benefit more than shareholders; (3) Liquidity has a significant positive effect on the earnings response coefficient. This occurs mainly because liquidity signals that the company is capable of managing its operational cash flow, resulting in better company liquidity, an improved corporate image, and increased trust from third parties—especially suppliers and banks—due to the company's ability to fulfill short-term obligations on time.

6.1. SUGGESTIONS

Based on the conclusions above, there are several suggestions that can be used for future research, including: (1) For future studies, it is recommended to use samples from various types or sectors of companies, such as the manufacturing, property & real estate, and financial sectors, in order to obtain earnings response coefficient results that reflect the market reaction of the overall companies; (2) In future research, it is suggested to add other factors as independent variables that may affect the earnings response coefficient, such as systematic risk and earnings persistence; (3) For future studies, it is recommended to use different measures for the company growth variable to obtain varied results from other perspectives, for example by using Net Income Growth.

7. REFERENCES

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