AGRICULTURAL COMMODITY PRICES, FIRM CHARACTERISTICS, CORPORATE VALUE

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Abstract

Corporate value reflects investors' expectations regarding a firm's financial performance and long-term competitiveness. However, the extent to which agricultural commodity prices and firm characteristics influence corporate value remains uncertain, particularly in the processed food industry. This study investigates the effects of world sugar, wheat, and crude palm oil (CPO) prices, together with capital structure, firm size, and firm growth, on corporate value. A quantitative explanatory approach was employed using secondary data from annual reports and official market publications. The sample comprised 10 processed food companies listed on the Indonesia Stock Exchange during 2020–2024, yielding 50 firm-year observations selected through purposive sampling. Panel data were analyzed using the Random Effect Model in EViews 12. The findings reveal that world sugar, wheat, and CPO prices, as well as firm size and firm growth, have no significant effect on corporate value. In contrast, capital structure positively and significantly influences corporate value. These results indicate that financing decisions provide stronger market signals than commodity price fluctuations, supporting Signaling Theory while offering limited support for Input Cost Theory in explaining corporate value within the processed food industry.

Keywords: agricultural commodity prices; capital structure; corporate value; firm characteristics; signaling theory.

INTRODUCTION

Corporate value is widely regarded as a fundamental indicator of a firm's financial performance because it reflects investors' expectations regarding future profitability, financial stability, and long-term competitiveness. Unlike accounting-based indicators that primarily evaluate historical performance, market-based measures incorporate expectations concerning managerial capability, future cash flows, and business sustainability. Consequently, maximizing corporate value has become a central objective of corporate financial management because higher market valuation enhances shareholder wealth while improving firms' access to external financing and

investment opportunities (Dery Melson et al., 2025; Bintang Fadillah et al., 2025). Among various valuation measures, Price-to-Book Value (PBV) is frequently employed to assess how capital markets value corporate assets relative to their book value and future prospects.

The importance of corporate value is particularly evident in the processed food industry, a strategic segment of the food and beverage sector that produces essential consumer goods. Although demand for processed food products is generally more resilient than demand in many manufacturing industries, firms remain highly dependent on agricultural raw materials whose prices fluctuate continuously in global markets. Such dependence exposes companies to production cost uncertainty that may reduce profitability and alter investors' perceptions of firm value. Consequently, understanding the determinants of corporate value has become increasingly important for both corporate managers and investors.

Recent evidence indicates that maintaining corporate value has become increasingly challenging within the food and beverage industry. Average PBV declined from 2.95 in 2020 to 1.53 in 2024, representing a decrease of approximately 48.14% during the observation period. Although firms continued to trade above book value, the persistent decline suggests weakening investor confidence in their ability to sustain profitability and long-term growth. Early optimism observed during the COVID-19 pandemic gradually diminished as companies encountered rising production costs, changing consumer purchasing power, and intensifying market competition. These developments indicate that corporate value is influenced by multiple internal and external factors rather than by financial performance alone.

Signaling Theory provides an appropriate theoretical perspective for explaining this phenomenon because corporate financial decisions communicate information regarding managerial quality and future business prospects to external stakeholders (Brigham & Houston, 2019). Investors cannot directly observe every aspect of corporate performance and therefore rely on observable signals, including financing policies, operational stability, and growth opportunities, to reduce information asymmetry. Firms demonstrating sound financial management are generally rewarded with stronger investor confidence and higher market valuation (Halawa et al., 2024). Conversely, unfavorable financial conditions or ineffective managerial decisions may generate negative market signals that reduce corporate value (Fu, 2025; Puspitasari & Fitriyah, 2025).

Beyond internal managerial decisions, agricultural commodity prices have become increasingly important determinants of corporate performance. Processed food manufacturers rely heavily on strategic agricultural commodities, including sugar, wheat, and crude palm oil (CPO), making production costs highly sensitive to fluctuations in global commodity markets. Rising prices for these inputs increase operating costs, reduce profit margins, and may ultimately influence investors'

assessments of corporate value (Han et al., 2023). Unlike many previous studies that examined commodity prices as aggregated indicators, the present study evaluates world sugar, wheat, and crude palm oil prices separately because each commodity performs different production functions and exhibits distinct market characteristics.

The influence of commodity prices on corporate value can also be interpreted through Input Cost Theory, which argues that raw materials constitute variable production costs that fluctuate according to market conditions (Simanjuntak et al., 2025). Increasing commodity prices raise production expenses and reduce profitability when additional costs cannot be transferred to consumers. Previous studies have demonstrated that commodity price volatility significantly affects business risk, financial performance, and firm valuation (Han et al., 2023; Adekoya et al., 2024). Likewise, DeLong & Trejo-Pech (2022) showed that rising commodity prices substantially influence production costs within the food industry, emphasizing the importance of agricultural commodity markets in determining corporate value.

Internal corporate characteristics remain equally important in explaining market valuation. Capital structure determines the balance between debt and equity financing, thereby affecting financial risk, financing costs, and shareholder wealth (Mardani, 2023). According to Signaling Theory, financing decisions communicate management's confidence regarding future cash flows and business prospects. Appropriate leverage may therefore strengthen investor confidence, whereas excessive debt increases financial risk and reduces firm value (Brigham & Houston, 2019). Nevertheless, previous studies remain inconclusive. Positive relationships between capital structure and corporate value have been reported by Febriyanti & Hasibuan (2025), whereas Muharramah & Hakim (2021) and Hirdinis (2019) found insignificant effects.

Firm size and firm growth also represent important indicators of organizational capability. Larger firms generally possess broader resources, stronger market positions, and easier access to financing, enabling them to respond more effectively to market uncertainty (Permatasari, 2019). Likewise, firm growth reflects management's ability to expand productive assets and generate future economic opportunities (Karuni, 2022). However, empirical evidence concerning both variables remains inconsistent. Positive effects of firm size were reported by Indrayani et al. (2021), Ekadjaja & Stevanio (2021), and Situmorang et al. (2025), whereas Hidayat (2019) and Solikin (2019) documented insignificant or negative relationships. Similar inconsistencies characterize studies of firm growth, with positive findings reported by Sari & Widyawati (2024) and Purwanti (2021), while Putri & Diantini (2022) and Clarinda et al. (2023) observed no significant influence on corporate value.

Despite extensive research, several important gaps remain. First, previous studies generally investigated agricultural commodity prices using aggregated indicators or focused on a single commodity, providing limited understanding of the distinct effects of sugar, wheat, and crude palm oil prices on corporate value. Second, empirical findings

regarding capital structure, firm size, and firm growth remain inconsistent across industries and research settings. Third, relatively few studies have simultaneously examined agricultural commodity prices and firm characteristics within an integrated analytical framework, despite the likelihood that external market conditions and internal managerial decisions jointly determine market valuation. These limitations are particularly relevant for processed food companies because their production activities depend heavily on agricultural inputs while their financial performance is simultaneously influenced by financing decisions and organizational characteristics.

Accordingly, this study investigates whether world sugar prices, world wheat prices, world crude palm oil prices, capital structure, firm size, and firm growth influence corporate value in processed food companies. Unlike previous studies, each agricultural commodity is examined individually rather than as part of a composite indicator, allowing a more detailed assessment of its contribution to corporate valuation. Simultaneously, firm characteristics are incorporated to provide a comprehensive explanation of how external market conditions and internal corporate decisions jointly shape investor perceptions.

The study contributes to the corporate finance literature in both theoretical and empirical respects. Theoretically, it integrates Signaling Theory and Input Cost Theory to explain how financing decisions and agricultural commodity price volatility jointly influence corporate value. Empirically, it provides evidence on the independent effects of world sugar, wheat, and crude palm oil prices together with capital structure, firm size, and firm growth within a unified analytical framework. Accordingly, the primary objective of this study is to analyze the effects of agricultural commodity prices and firm characteristics on corporate value in processed food companies. The findings are expected to enrich the corporate finance literature while providing practical insights for managers and investors operating in industries characterized by substantial dependence on agricultural commodities.

RESEARCH METHOD

This study adopted a quantitative explanatory design to examine the influence of agricultural commodity prices and firm characteristics on corporate value. A causal approach was employed to evaluate the relationships among the research variables using panel data collected over multiple years. The analysis focused on processed food companies because their production activities are highly dependent on agricultural commodities, making them vulnerable to input price fluctuations.

Secondary data were collected from publicly available sources. Company financial data were obtained from annual reports published by firms listed on the Indonesia Stock Exchange (IDX), while information on world sugar, wheat, and crude palm oil (CPO) prices was compiled from official commodity market publications and supporting

financial databases. The study covered the 2020–2024 period to capture post-pandemic market conditions and commodity price dynamics.

The population comprised companies in the Food and Beverage sector listed on the Indonesia Stock Exchange. A purposive sampling technique was applied to select firms that consistently published complete financial statements and met the research criteria throughout the observation period. The final sample consisted of 10 processed food companies, generating 50 firm-year observations.

Corporate value was measured using the Price-to-Book Value (PBV) ratio. The explanatory variables included world sugar prices, world wheat prices, world crude palm oil (CPO) prices, capital structure, firm size, and firm growth. Capital structure was proxied by the Debt-to-Equity Ratio (DER), firm size by the natural logarithm of total assets, and firm growth by annual asset growth.

Panel data regression was employed to estimate the relationships among variables. Descriptive statistics were first used to summarize the data, followed by model specification tests comprising the Chow, Hausman, and Lagrange Multiplier tests. The results identified the Random Effect Model (REM) as the most appropriate estimation technique. Classical assumption tests were subsequently conducted to ensure model adequacy before hypothesis testing. Statistical significance was evaluated at the 5% level, and all analyses were performed using EViews 12.

RESULT AND DISCUSSION

Research Setting and Sample

The analysis was undertaken using firms classified in the Processed Food Industry (IDX-IC D222) of the Food and Beverage sector listed on the Indonesia Stock Exchange. This industry was selected because production activities rely extensively on agricultural inputs, making corporate performance closely associated with fluctuations in commodity prices. At the same time, relatively stable consumer demand provides an appropriate environment for assessing how external market conditions and firm-specific characteristics are reflected in corporate value.

A purposive sampling strategy was adopted to construct a consistent panel dataset. Sample eligibility required companies to remain publicly listed throughout the observation period and to disclose complete audited annual reports for 2020–2024. Application of these criteria produced 10 processed food companies, equivalent to 50 firm-year observations, which formed the basis of the empirical analysis (Table 1).

The empirical dataset consists entirely of secondary financial information compiled from annual reports and official market publications. Corporate value was represented by the Price-to-Book Value (PBV) ratio, whereas the explanatory variables comprised world sugar prices, world wheat prices, world crude palm oil (CPO) prices, capital structure, firm size, and firm growth. The resulting balanced panel provides adequate cross-sectional and longitudinal variation for evaluating the

combined influence of commodity price movements and firm characteristics on corporate value.

Table 1. Sample of Processed Food Companies

No	Stock Code	Company
1	COCO	Wahana Interfood Nusantara Tbk
2	FOOD	Sentra Food Indonesia Tbk
3	GOOD	Garudafood Putra Putri Jaya Tbk
4	ICBP	Indofood CBP Sukses Makmur Tbk
5	INDF	Indofood Sukses Makmur Tbk
6	MYOR	Mayora Indah Tbk
7	ROTI	Nippon Indosari Corpindo Tbk
8	STTP	Siantar Top Tbk
9	SKBM	Sekar Bumi Tbk
10	SKLT	Sekar Laut Tbk

Source: Processed data, 2026

Descriptive Statistical Analysis

Table 2 summarizes the distribution of the variables used in the empirical analysis. The dataset consists of 50 balanced firm-year observations, providing adequate cross-sectional and time-series variation for panel data estimation. Overall, the descriptive statistics indicate that the variables exhibit sufficient dispersion without suggesting abnormal concentration, supporting the suitability of the dataset for subsequent regression analysis.

Corporate value demonstrates the greatest variation among the study variables, implying that market valuation differs substantially across processed food companies during the observation period. Such variation reflects differences in investors' assessments of firm performance and future prospects. In contrast, world sugar and wheat prices display relatively limited dispersion, indicating comparatively stable movements in international commodity markets throughout the study period. World crude palm oil (CPO) prices exhibit noticeably greater variability, suggesting stronger exposure to global market fluctuations than the other agricultural commodities.

Firm-specific variables reveal moderate heterogeneity across the sampled companies. Capital structure varies across firms, reflecting differences in financing strategies, while firm size indicates variation in organizational scale within the industry. Firm growth remains relatively modest, suggesting that asset expansion was generally limited during the observation period. Collectively, these findings indicate that both external commodity prices and internal firm characteristics provide adequate variability to explain differences in corporate value, thereby supporting the appropriateness of the variables included in the regression model.

Table 2. Statistical Overview of the Variables

Variable	N	Min	Max	Mean	Std. Deviation
Y	50	-3.518188	6.367486	2.197116	1.707012
X1	50	-1.284340	-0.663625	-1.002848	0.248214
X2	50	5.313153	5.765476	5.528775	0.173715
X3	50	4.348071	6.870432	5.894826	1.085479
X4	50	-2.361757	3.484178	0.854249	0.721598
X5	50	24.60427	32.90651	29.15951	2.312639
X6	50	-0.501512	0.695831	0.073251	0.168031

Source: Processed data, 2026

Panel Model Selection

Selecting an appropriate panel data specification is essential to obtain reliable and efficient parameter estimates. Accordingly, three alternative estimators were evaluated, namely the pooled regression model, the fixed-effects specification, and the random-effects specification. Model selection was performed sequentially using the Chow, Hausman, and Breusch–Pagan Lagrange Multiplier tests to identify the estimator that best represented the structure of the panel dataset.

Table 3. Panel Model Selection Results

Model Selection Test	Decision Criterion	Probability	Preferred Model
Chow Test	CEM vs. FEM	0.0000	Fixed Effect
Hausman Test	FEM vs. REM	1.0000	Random Effect
Breusch–Pagan LM Test	CEM vs. REM	0.0000	Random Effect

Source: Processed data, 2026

The statistical evidence consistently supports the Random Effect Model (REM) as the most appropriate estimator for this study. The Chow test indicates that unobserved heterogeneity across firms should be considered, eliminating the pooled specification from further analysis. Although firm-specific effects are present, the Hausman test suggests that these effects are not systematically associated with the explanatory variables. Consequently, the random-effects specification provides more efficient parameter estimates than the fixed-effects alternative. The Breusch–Pagan Lagrange Multiplier test further confirms that incorporating random effects significantly improves model performance relative to the pooled regression approach.

The selection of the Random Effect Model indicates that differences among companies are more appropriately represented as stochastic components rather than

fixed intercepts. This specification accommodates unobservable firm characteristics while preserving estimation efficiency, making it suitable for analysing the relationship between agricultural commodity prices, firm characteristics, and corporate value. Therefore, all subsequent regression estimation and hypothesis testing are based on the Random Effect Model.

Classical Assumption Tests

The reliability of the empirical model was evaluated through diagnostic testing after the Random Effect Model (REM)had been identified as the most appropriate specification for the panel dataset. Because the REM was estimated using the Generalized Least Squares (GLS) approach, the diagnostic procedure was adapted to the characteristics of the estimation technique. GLS explicitly accommodates cross-sectional heterogeneity by allowing unequal error variances across firms, thereby producing efficient parameter estimates without requiring a separate heteroskedasticity test (Baltagi, 2021). Consequently, additional heteroskedasticity diagnostics were not considered necessary.

Autocorrelation was likewise not examined using the conventional Durbin–Watson statistic because this procedure was developed for single-equation time-series regression and does not adequately represent the error structure of panel data. As panel observations simultaneously contain cross-sectional and temporal dimensions, serial correlation is more appropriately assessed using panel-specific procedures, such as the Wooldridge test (Wooldridge, 2016). Since the selected estimation method was based on the Random Effect Model with GLS, the diagnostic evaluation focused on assumptions that remained directly relevant to the adopted specification, namely residual normality and multicollinearity.

Residual normality was evaluated using the Jarque–Bera test. The estimated probability of 0.9428 exceeded the 5% significance level, indicating no statistically significant departure from normality. This result suggests that the residuals are approximately normally distributed and that the estimated coefficients can be interpreted using conventional statistical inference.

Multicollinearity was assessed through the correlation matrix of the explanatory variables. As reported in Table 4, the highest pairwise correlation coefficient was 0.595, substantially below the commonly accepted threshold of 0.90. This finding indicates that the independent variables do not exhibit excessive linear association and therefore provide distinct explanatory information within the regression model. The absence of strong intercorrelation also reduces the likelihood of unstable coefficient estimates and inflated standard errors.

The diagnostic evidence confirms that the selected panel regression model satisfies the assumptions relevant to the estimation procedure. The residuals exhibit an acceptable distribution, while the explanatory variables remain sufficiently independent

to avoid multicollinearity concerns. These results indicate that the Random Effect Model provides a statistically robust framework for evaluating the effects of agricultural commodity prices and firm characteristics on corporate value, thereby supporting the validity of the subsequent hypothesis testing.

Table 4. Correlation Matrix of the Independent Variables

Variable	X_1	X_2	X_3	X_4	X_5	X_6
X_1	1,000000	0,595002	0,565244	-0,037623	0,014207	-0,199413
X_2	0,595002	1,000000	0,081956	0,019964	-0,004046	-0,086826
X_3	0,565244	0,081956	1,000000	-0,040772	-0,002031	-0,077678
X_4	-0,037623	0,019964	-0,040772	1,000000	-0,001251	-0,114697
X_5	0,014207	-0,004046	-0,002031	-0,001251	1,000000	0,295090
X_6	-0,199413	-0,086826	-0,077678	-0,114697	0,295090	1,000000

Source: Processed data, 2026

Regression Results

Following the model selection and diagnostic assessments, hypothesis testing was conducted using the Random Effect Model (REM). The estimated coefficients, significance levels, and overall model statistics are reported in Table 5 anda Table 6. The regression results demonstrate that capital structure is the only explanatory variable exhibiting a statistically significant association with corporate value at the 5% significance level. The positive regression coefficient indicates that companies with stronger financing structures tend to achieve higher market valuation, suggesting that investors respond favourably to financing policies considered capable of supporting future business performance. By contrast, fluctuations in world sugar, wheat, and crude palm oil prices do not significantly explain variations in corporate value. Similarly, firm size and firm growth fail to exhibit statistically meaningful effects within the estimated model.

Although several independent variables display positive or negative coefficient signs, their statistical evidence remains insufficient to conclude that they systematically influence corporate value during the observation period. These findings imply that short-term movements in international agricultural commodity markets were not the primary factors considered by investors when valuing processed food companies. Instead, market participants appear to assign greater importance to internal financial policies than to external input price fluctuations.

The overall regression model is statistically significant, as indicated by the F-statistic probability of 0.0246, confirming that the explanatory variables collectively contribute to explaining corporate value. However, the explanatory power of the model remains moderate. The estimated R^2 of 0.2758 suggests that approximately 27.58% of the variation in corporate value is explained by the variables included in the analysis.

After adjusting for the number of predictors, the Adjusted R^2 decreases to 0.1748, indicating that 17.48% of the observed variation is explained by the proposed model, while the remaining proportion is likely associated with other firm-specific or macroeconomic determinants that were not incorporated into this study.

Taken together, the empirical evidence suggests that financing decisions constitute the dominant determinant of corporate value among the variables examined. In contrast, international agricultural commodity prices and firm characteristics related to organizational scale and asset growth do not provide sufficient explanatory power to account for differences in market valuation across processed food companies during 2020–2024. These findings establish the empirical foundation for the hypothesis-specific discussion presented in the following section.

Table 5. Random Effect Regression Estimation

Variable	Coefficient	t-value	p-value	Interpretation
Constant	-17.462	-1.635	0.1093	-
World sugar price	-1.898	-1.766	0.0844	Not significant
World wheat price	2.291	1.862	0.0695	Not significant
World crude palm oil price	0.061	0.320	0.7508	Not significant
Capital structure	0.637	2.269	0.0283	Positive and significant
Firm size	0.149	0.704	0.4855	Not significant
Firm growth	-2.023	-1.610	0.1146	Not significant

Source: Processed data, 2026

Table 6. Goodness-of-Fit Statistics for the Random Effect Model

Statistic	Value
R^2	0.2758
Adjusted R^2	0.1748
F-statistic	2.7296
Prob. (F-statistic)	0.0246

Source: Processed data, 2026

Discussion

This study examined whether global agricultural commodity prices and firm-specific characteristics influence corporate value among Indonesian listed processed food companies during 2020–2024. The empirical findings indicate that capital structure is the only variable significantly associated with corporate value, whereas world sugar prices, world wheat prices, world crude palm oil (CPO) prices, firm

size, and firm growth show no statistically significant effects. These findings suggest that investors emphasize firms' internal financial decisions more than external commodity price fluctuations when assessing long-term corporate value.

The insignificant effects of world sugar, wheat, and CPO prices indicate that fluctuations in international agricultural commodity markets do not directly translate into changes in firm value. Although these commodities represent essential production inputs, processed food companies appear capable of mitigating higher production costs through operational efficiency, procurement strategies, supplier diversification, inventory management, and selective product price adjustments. Consequently, commodity price volatility is absorbed within firms' operational systems before materially affecting market valuation.

These findings refine Input Cost Theory, which proposes that rising input prices increase production costs and reduce firm performance (Simanjuntak et al., 2025). Rather than contradicting the theory, the results suggest that the relationship between input prices and firm value is conditional on managerial capability. Efficient cost management, flexible supply chains, and effective pricing strategies reduce firms' sensitivity to commodity shocks, weakening the direct transmission of international price movements into corporate value.

The findings are consistent with Han et al. (2023), who argued that firms with stronger operational capabilities and economies of scale are more resilient to commodity price volatility. Likewise, DeLong & Trejo-Pech (2022) demonstrated that food manufacturers can preserve market value by combining pricing adjustments with operational efficiency. Similar evidence reported by Setiawan & Prasetyo (2022) emphasizes that companies possessing greater financial resources and stronger supply-chain management are better positioned to withstand fluctuations in raw material prices. Collectively, these studies support the view that managerial quality moderates the economic consequences of commodity price volatility.

Unlike commodity prices, capital structure exhibits a positive and statistically significant relationship with corporate value. This result indicates that investors interpret financing decisions as an important signal regarding managerial confidence and future business prospects. Companies maintaining an appropriate debt-equity balance are perceived as having greater capacity to finance productive investment, improve operational performance, and generate sustainable shareholder value.

The result strongly supports Signaling Theory, which argues that financing decisions communicate private information regarding future corporate performance (Brigham & Houston, 2019). Appropriate leverage signals management's confidence in future cash flows and investment opportunities, thereby increasing investor confidence and market valuation. In addition, debt financing enables firms to expand production capacity, modernize technology, and undertake strategic investments without excessive equity dilution, provided that financial risk remains manageable.

The present findings corroborate those reported by Clarinda et al. (2023), Rahayu et al. (2023), and Pramesti et al. (2021), all of whom concluded that an optimal capital structure improves investor confidence and strengthens firm value through more efficient financing decisions. Accordingly, financing policy appears to represent the most influential internal determinant of corporate value within Indonesia's processed food industry.

Conversely, firm size does not significantly influence corporate value despite its positive coefficient. This outcome suggests that larger asset ownership alone is insufficient to increase market valuation. Most sampled companies are already established firms with relatively comparable operational scales, reducing the explanatory power of firm size across observations. Investors therefore appear to evaluate asset productivity rather than asset magnitude.

This finding is also consistent with Signaling Theory, which emphasizes that observable corporate characteristics become meaningful only when they convey credible information regarding future performance. Large asset holdings provide limited information if they are not translated into stronger profitability or operational efficiency. Similar conclusions were reported by Indrayani et al. (2021), Rossa & Suryandari (2023), and Situmorang et al. (2025), who found that investors prioritize financial performance over organizational size when determining firm value.

Likewise, firm growth does not significantly affect corporate value. Although corporate expansion generally reflects future business opportunities, asset growth frequently requires substantial investment, financing, and operating expenditures before economic benefits become observable. As a result, rapid expansion does not necessarily improve investor perception unless accompanied by stronger profitability and sustainable cash-flow generation.

This finding further supports Signaling Theory, suggesting that growth becomes a positive market signal only when expansion is successfully transformed into superior financial performance. Investors therefore appear to distinguish between simple asset accumulation and genuine value creation. Comparable findings have been documented by Yudistira et al. (2021) and Sejuwal (2023), who argued that the quality of corporate growth is more important than its magnitude in shaping investor valuation.

Overall, this study offers several theoretical contributions. First, the results extend Input Cost Theory by demonstrating that commodity price volatility influences firm value indirectly through firms' ability to manage operational risk rather than through a simple cost-transmission mechanism. Second, the findings reinforce Signaling Theory by showing that investors rely primarily on financing decisions when evaluating processed food companies, whereas firm size and growth provide relatively weaker informational signals.

Finally, the model's explanatory power remains modest (Adjusted R^2 = 17.48%), indicating that corporate value is also shaped by factors beyond those incorporated in

this study. Profitability, dividend policy, corporate governance, liquidity, exchange rates, inflation, and other macroeconomic conditions may provide additional explanatory power and should therefore be incorporated into future research.

Taken together, the findings demonstrate that managerial capability and financing decisions are more influential than agricultural commodity price fluctuations in explaining corporate value among Indonesian processed food companies. Although global commodity markets continue to shape production costs, investors ultimately evaluate firms according to their ability to manage external uncertainty, allocate financial resources efficiently, and create sustainable long-term value. This evidence contributes to the literature by highlighting that organizational resilience and sound financial management are stronger determinants of corporate value than temporary fluctuations in agricultural commodity prices.

CONCLUSION

Evidence obtained from Indonesian listed processed food companies during 2020–2024 demonstrates that capital structure represents the only variable that significantly enhances corporate value, whereas fluctuations in world sugar, wheat, and crude palm oil prices, together with firm size and firm growth, do not exert a statistically significant influence. These results imply that market participants assign greater importance to firms' financial policies than to short-term changes in international agricultural commodity markets. The absence of significant commodity price effects further suggests that firms possess sufficient operational capability to mitigate external cost pressures through efficient procurement, cost control, and supply-chain management, thereby limiting the transmission of global commodity shocks into market valuation.

Several implications emerge from these findings. From a theoretical perspective, the results refine Input Cost Theory by indicating that the effect of commodity price volatility on corporate value depends largely on firms' managerial responses rather than on commodity price movements alone. Simultaneously, the evidence reinforces Signaling Theory by confirming that financing decisions provide stronger signals to investors than organizational size or growth opportunities. From a managerial perspective, maintaining an optimal capital structure while strengthening operational efficiency should remain a strategic priority for sustaining firm value. Future studies are encouraged to broaden the analytical framework by incorporating additional financial, governance, and macroeconomic variables and by extending the observation period to obtain a more comprehensive explanation of corporate value in emerging markets.

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