THE EFFECT OF FIRM CHARACTERISTICS TO PROFITABILITY OF FOOD AND BEVERAGES COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

Based on the data from Badan Pusat Statistik (BPS) the growth of Gross Domestic Indonesia (GDP) decreased since the third quarter 2018 and this condition became worse because of coronavirus pandemic situation. It was decreased from 4.97 percent in the fourth quarter of 2019 became 2.97 percent in the first quarter of 2020 and the inflation rate for food and beverage is only 0.18 percent. Food and beverages industry growth increase from year to year in line with the increasing demand for food and beverage. It is related to the fact of life that all living things need food and beverages to survive. This research aims to analyze, examine, measure, and find empirical evidence about the effect of firm characteristics proxied by firm age, firm size, liquidity, and leverage to the profitability proxied by return on sales. Population of this research is all companies listed in Indonesia Stock Exchange (IDX). Based on the purposive sampling method used in this research, there are 12 companies listed in Indonesia Stock Exchange (IDX) from consumer goods sector with food and beverages sub-sector. This research used secondary data collected was analyzed using descriptive statistics, Microsoft Excel, and SPSS software 25 version. This research employed multiple linear regression analysis to observe the correlation and effect of dependent and independent variables. The researcher found all of the hypotheses of this research study accepted and conclude that firm age, firm size, liquidity, and leverage have a significant and positive effect on profitability. The company should maintain its assets, debt funds, and all resources effectively and efficiently by using experiences and knowledge combined with skills and capabilities to generate more profits. Future researchers expected to analyze the other variables that may affect to the profitability but not included as variables analyzed in this research study and expand the sample to describe the demographic condition of companies in Indonesia more clearly.

Keywords: firm age, firm size, liquidity, leverage, and profitability.

INTRODUCTION

At the end of 2019 the whole world was shocked by the discovery of the corona virus (COVID-19) came from Wuhan, China. The corona virus spread throughout the world in a short time and the number of cases continue increasing in many countries around the world. The first case found in Indonesia was announced in early 2020 and it was affected the business activities in various industries. Growth of Gross Domestic Indonesia (GDP) decreased since third quarter 2018 and this condition became worse because of corona virus pandemic. It was decreased from 4.97 percent in fourth quarter of 2019 became 2.97 percent in first quarter of 2020 and the inflation rate for food and beverage is only 0.18 percent. Indonesia is a country that has strong growth of economic market because of the growth population. Food and beverages industry growth increase from year to year in line with the increasing demand of food and beverages. It is related to the fact of life that all of living things need food and beverages to survive. So, this research focused on the sector consumer goods with sub-sector food and beverages in Indonesia to analyze the firm characteristics that may affected the profitability of the company to keep going concern.

Large companies that have been established for a long time period have a good level of liquidity and cash flow and it considered that they can encounter with bad financial conditions during the pandemic condition. Even though the production activities hampered because of the purchasing power of the people were weakened, large companies still have good budget plans to keep going concern. Large companies have a greater amount of assets and capital rather than small companies that are just starting business, so it can be more easily for them to obtain loan funds for helping the operating activities and increase the sales to generate more profit. Some previous research conducted by Singapurowoko (2011), Barus and Leliani (2013), John and Adebayo (2013), Niresh and Velmampy (2014), Ghafoorifard, et.al (2014), Ilaboya and Ohiokha (2016), Olawale, et.al (2016), Charles, et.al (2018), Samosir (2018), Harisa, et.al (2019), Abeyrathna and Priyadarshana (2019), and Yameen, et.al (2019) about this topic came from Wuhan, China. The first case found in Indonesia was announced in early 2020 and it was affected the business activities in various industries. Growth of Gross Domestic Indonesia (GDP) decreased since third quarter 2018 and this condition became worse because of corona virus pandemic. It was decreased from 4.97 percent in fourth quarter of 2019 became 2.97 percent in first quarter of 2020 and the inflation rate for food and beverage is only 0.18 percent. Indonesia is a country that has strong growth of economic market because of the growth population. Food and beverages industry growth increase from year to year in line with the increasing demand of food and beverages. It is related to the fact of life that all of living things need food and beverages to survive. So, this research focused on the sector consumer goods with sub-sector food and beverages in Indonesia to analyze the firm characteristics that may affected the profitability of the company to keep going concern.

This research was conducted with reference to previous research that had previously been conducted by Kartikasari and Merianti (2016) that analyzed the effect of leverage and firm size on profitability in manufacturing companies listed in Indonesia Stock Exchange at period 2009-2014. Kartikasari and Merianti (2016) research study found that the leverage had significant and positive effect to the profitability, firm size proxied by natural logarithm total assets had significant and negative effect to the profitability, while firm size proxied by natural logarithm total sales had no significant effect to the profitability of companies. Therefore, the researcher wants to conduct in-depth research related to the effect of leverage and firm size on profitability by adding firm age and liquidity as independent variables because Kartikasari and Merianti (2016) states there are still 49.6 percent remaining variables that may affect to the profitability but not explained on their research, differences in populations, time horizon, and method of measurement. This research study analyzed the firm characteristics proxied by the firm age, firm size, liquidity, and leverage to profitability in food and beverage companies listed in Indonesia in period of the 2014-2018 to give more updated information.
LITERATURE REVIEW

Resource Based Theory
This research study supported by Resource Based Theory known as a theory about resource-based approach to analyze the competitive advantage of a business. According to Wernerfelt (1984) in Wahyuni and Pujiharto (2015) explained from Resource Based Theory perspective, a company can take the competitive advantage and has a good financial performance by owning, mastering and utilizing their important strategic assets including the tangible and intangible assets with the capabilities of the company itself. This means a company can has a competitive advantage and be able to compete with their competitors if they can utilize their resources maximally. Resources can be natural resources, human resources, employee, management, stakeholder, and others. Resource Based Theory can be used to identify and analyze strategic of the company to take advantages by combined their skill, capabilities, assets, and intangibles (Charles, et. al:2018). Resource based theory concerned to the firm characteristics of a company can effect to the firm performance. The firm characteristics in this research study look details to the firm age, firm size, liquidity, and leverage of the company.

Firm Age
The age of a company can be determined by the foundation of a company (Paramitha and Rohman, 2020). Firm age is the length of life of a company since it was established until the period of time as long as the company still exists. A long-established company will have more experience in carrying out business activities in its industrial sector and it is better known to the broader community rather than newcomers. According to Yameen, et.al (2019) firm age stands for age of a company at the time period of analysis. In this research study, the researcher measured the firm age from difference between the year the study was conducted and the year the company was established. Maintain the existence of business for long time period is hard because the company should maintain the quality of products and there always will be new unit business comes in to the market with their products, so the company should be innovative with the products and technology used to compete with competitors and keep going concern its business.

Firm Size
According to Aulia and Agustina (2015) explained that firm size is a scale that indicates a company classified as large or small. Firm size can classify a company as a big or small company based on the total assets owned or the total sales created by the company. According to Anthony (2012:36), “Assets are economic resources that are controlled by an entity and whose cost (or fair value) at the time of acquisition could be objectively measured. The four key points in this definition are (1) an asset must be acquired in a transaction, (2) an asset must be an economic resource, (3) the resource must be controlled by the entity, and (4) its cost (or fair value) at the time of acquisition must be objectively measurable”. According to Kartikasari and Merianti (2016), firm size can be measured by the natural logarithm of total assets or natural logarithm of total sales. In this research study the researcher used natural logarithm of total assets, it was because of the total assets are all resources owned by the company as a result of past transaction and it was expected to provide potential economic benefits for the company in the future. The greater the size of a company, the more activities carried out in its business activities that will get more attention from external parties such as government, investor, creditors and economic analyst rather than small company.

Liquidity
Liquidity is the firm’s ability to fulfill its short-term obligations as they come due (Gitman, 2015:119). Liquidity ratio is one of financial ratio that often used to analyze the financial statements of company and it refers to the solvency of firm’s overall financial position with the ability to pay its bills and it can provide sign problem of cash flow or failure business. According to Gitman (2015:119), current ratio is the company’s ability to pay its short-term obligations using its current assets and it can be measured by:

\[
\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

High level of liquidity of a company will open the opportunity to get support from third parties because it shows the company has enough liquidity to operating activities. The company must maintain liquidity to maintain business continuity and relationships with external parties such as suppliers, investors, creditors, securities institutions, government, etc.

Leverage
Running a business may not always face a good financial situation, therefore the company needs sources of funds from outside the company to help the operating activities and maintain the continuity of its business. Meeting the needs of funds originating from outside the company can be obtained from borrowing funds to creditors such as banks or non-bank financial institutions and investors by issue shares or bonds to be offered to the public. Higher debt ratio shows the higher level of indebtedness and more financial leverage it has because of the greater amount of other people’s money used to generate profits. According to Gitman (2015:126) explained that debt ratio measures the proportion of firm’s total assets financed by creditors and it can be measured by:

\[
\text{Debt Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}
\]

Fulfillment of funding sources from debt will affect the level of leverage ratio of company, because it shows how much of assets that company funding from external parties. Company with high leverage ratio indicate to not good financial condition because the company running its operating activities mostly debt funded.

Profitability
Profitability is the firm’s ability to generate profits at certain period. The company’s ability to generate profits from operating activities is the main focus in the company’s performance appraisal (company fundamental analysis) because it can be indicator of
the firm's ability to fulfill its obligations to its funders and it can be used to predict the financial condition of company in the future. According to Gitman (2015:128) explained a firm could not attract outside capital without profits. Owners, creditors, and management pay close attention to maximize profits because of the great importance the market places on earnings. One of popular profitability ratio to evaluate the firm’s operational efficiency is the operating profit margin or return on sales ratio because it measured the percentage of each sales rupiah remaining after cost of goods sold, other expenses, interests, taxes, and preferred stock dividends are deducted. According to Gitman (2015:129) operating profit margin or return on sales ratio shows how much profit is being produced per rupiah of sales or pure profits and it can be measured by:

\[
\text{Return on Sales} = \frac{\text{Operating Profits}}{\text{Net Sales}}
\]

Profitability can be used to evaluate and analyze the firm’s profit based on the level of sales, level of assets, or owner’s investment in the company.

**METHODOLOGY**

This research conducted to analyze, examine, measure and find empirical evidence the effect of firm characteristics as independent variable proxied by firm size, firm age, liquidity, and leverage to the profitability as dependent variable proxied by return on sales, so the conceptual framework of this research study:

![Figure 1.1 Conceptual Framework](Source: Kartiningsih and Daryanto, 2020)

Based on the background, problem statements, research objectives, and conceptual framework that already explained, the hypothesis formulation of this research study made as follows:

1. \( H_1 \): Firm age has significant and positive effect to the profitability.
2. \( H_2 \): Firm size has significant and positive effect to the profitability.
3. \( H_3 \): Liquidity has significant and positive effect to the profitability.
4. \( H_4 \): Leverage has significant and positive effect to the profitability.

The type of investigation in this research is a causal study. According to Sekaran (2014: 164) causal study is a study to find the causes of one or more problems. This research was conducted to find the effect of firm age, firm size, liquidity, and leverage to the profitability. Research settings in this research is non-contrived, which means the research environment or events occur normally and real without manipulated. The time horizon in this research study is pooling data where there are many companies in Indonesia used as samples with many time periods from 2014 until 2018. Population used as objects in this research study are all of companies listed in Indonesia Stock Exchange (IDX) for period 2014 to 2018. The researcher used quantitative approach and secondary data collected from Indonesia Stock Exchange (IDX) and official website company in the form of audited financial statements and annual reports of each company.

According to Etikan, et.al (2016) purposive sampling method is a non-random technique that does not need underlying theories or a set number of samples and deliberate choice of sample decides by the researcher depends on the information needs based on knowledge and experiences. Purposive sampling method used in this research study chosen based on the these following criteria:

1. The company from the consumer goods industry with sub-sector food and beverages (based on the background that explained in previous chapter).
2. Company published the financial statements and annual reports for the period 2014 until 2018 because companies listed in Indonesia Stock Exchange must publish the financial information to the public and based on Ghafoorifard, et.al (2014) time horizon from 4 years is enough to analyze the profitability.

3. The financial statements and annual reports published with complete information and it has been properly audited by a certified public accountant company to get valid information data.

4. The financial statements and annual reports stated in rupiahs and not a foreign currency because the currency used in Indonesia is rupiahs.

5. The company must generate profit and not loss during the time period of analysis from 2014 to 2018 because this research analyzed the profitability proxied by return on sales that need operating profit information of a company.

Based on the criteria in purposive sampling method, there are 12 companies from the population that meet the criteria and became sample of this research study as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Company Name</th>
<th>Company Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT. Akasha Wira International Tbk</td>
<td>ADES</td>
</tr>
<tr>
<td>2</td>
<td>PT Wilmar Cahaya Indonesia Tbk</td>
<td>CEKA</td>
</tr>
<tr>
<td>3</td>
<td>PT Delta Djakarta Tbk</td>
<td>DLTA</td>
</tr>
<tr>
<td>4</td>
<td>PT Indofood CBP Sukses Makmur Tbk</td>
<td>ICBP</td>
</tr>
<tr>
<td>5</td>
<td>PT Indofood Sukses Makmur Tbk</td>
<td>INDF</td>
</tr>
<tr>
<td>6</td>
<td>PT Multi Bintang Indonesia Tbk</td>
<td>MLBI</td>
</tr>
<tr>
<td>7</td>
<td>PT Mayora Indah Tbk</td>
<td>MYOR</td>
</tr>
<tr>
<td>8</td>
<td>PT Nippon Indosari Corpindo Tbk</td>
<td>ROTI</td>
</tr>
<tr>
<td>9</td>
<td>PT Sekar Bumi Tbk</td>
<td>SKBM</td>
</tr>
<tr>
<td>10</td>
<td>PT Sekar Laut Tbk</td>
<td>SKLT</td>
</tr>
<tr>
<td>11</td>
<td>PT Siantar Top Tbk</td>
<td>STTP</td>
</tr>
<tr>
<td>12</td>
<td>PT Ultrajaya Milk Industry Tbk</td>
<td>ULTJ</td>
</tr>
</tbody>
</table>

(Source: Kartiningsih and Daryanto, 2020)

This research study used multiple regression analysis as data analysis method to find the effect of variable independents to the variable independent and process the data used SPSS version 25. According to Sekaran (2014: 115) variables are things that can be determined to make variations on the value. The independent variables used in this research study are firm age (FA), firm size (FS), liquidity (CR), leverage (DR) and the dependent variable used is profitability (ROS). Explanation about variables and measurements mentioned in this table:

<table>
<thead>
<tr>
<th>Type of Variable</th>
<th>Variables</th>
<th>Indicator of Measurements</th>
<th>Source</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable</td>
<td>Profitability (ROS)</td>
<td>Return on Sales (ROS) = Operating Profits / Net Sales</td>
<td>Gitman (2015:128)</td>
<td>Scale Ratio</td>
</tr>
<tr>
<td>Independent Variable</td>
<td>Firm Age (FA)</td>
<td>Firm Age (FA) = Year of analyze – Year of established</td>
<td>Yameen, et.al (2019)</td>
<td>Scale Ratio</td>
</tr>
<tr>
<td>Independent Variable</td>
<td>Firm Size (FS)</td>
<td>Firm Size (FS) = ln (total assets)</td>
<td>Kartikasari and Merianti (2016)</td>
<td>Scale Ratio</td>
</tr>
<tr>
<td>Independent Variable</td>
<td>Leverage (DR)</td>
<td>Debt Ratio = Total Liabilities / Total Assets</td>
<td>Gitman (2015:126)</td>
<td>Scale Ratio</td>
</tr>
</tbody>
</table>

(Source: Kartiningsih and Daryanto, 2020)

RESULT AND DISCUSSION
Coefficient of determination test aims to see the magnitude of the independent variables can explain the dependent variable in the regression model and the residual percentage variation of other variables not included the regression model that may affect the dependent variable in a regression model. The coefficient of determination test result of this research study explained at this following table:
Based on the Table 1.3 Coefficient of Determination Test Result above, the coefficient of determination for the regression model in this research study can be seen through R Square value which is 0.473. This means the firm age, firm size, liquidity and leverage have ability 47.3 percent to explain the profitability. While the remaining amount 52.7 percent is variations of the other independent variables that may affected to the profitability, but it is not included in the regression model of this research study.

Simultaneous test shows how much the ability of independent variables simultaneously can affected to the dependent variable in a regression model. Simultaneous test result of variables used in this research study explained at this following table:

### Table 1.4 Simultaneous Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.395</td>
<td>4</td>
<td>12.331</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>.440</td>
<td>55</td>
<td>.008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>.835</td>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: PROFITABILITY
b. Predictors: (Constant), LEVERAGE, FIRM SIZE, FIRM AGE, LIQUIDITY

(Source: Data Processed SPSS 25 Version, 2020)

Based on the Table 1.4 Simultaneous Test above, the F statistic value is 12.331 and sig 0.000 < alpha 0.05 which means the Ho rejected. The result of simultaneous test found the dependent variable which are firm age, firm size, liquidity, and leverage simultaneously have statistically significant effect to the dependent variable which is profitability.

Partial test aims to find out whether each independent variable significantly influences the dependent variable or not. Partial test result of variables used in this research study explained at this following table:

### Table 1.5 Partial Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>t (1-tailed)</th>
<th>Sig (1-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-1.371</td>
<td>-4.540</td>
<td>0.000</td>
</tr>
<tr>
<td>Firm Age (FA)</td>
<td>0.397</td>
<td>5.238</td>
<td>0.000</td>
</tr>
<tr>
<td>Firm Size (FS)</td>
<td>0.023</td>
<td>2.782</td>
<td>0.004</td>
</tr>
<tr>
<td>Liquidity (CR)</td>
<td>0.031</td>
<td>2.353</td>
<td>0.011</td>
</tr>
<tr>
<td>Leverage (DR)</td>
<td>0.343</td>
<td>2.331</td>
<td>0.012</td>
</tr>
</tbody>
</table>

(Source: Data Processed SPSS 25 Version, 2020)

Based on the Table of Partial Test (T-Test) above, the researcher found that the multiple linear regression models in this research study is:

\[
\text{ROS} = -1.371 + 0.397FA + 0.023FS + 0.031CR + 0.343DR + e
\]

Notes:
- ROS = Profitability (proxied by return on sales)
- FA = Firm Age (measured by a company age at t time)
- FS = Firm Size (measured by natural logarithm of total assets)
- CR = Liquidity (proxied by current ratio)
- DR = Leverage (proxied by debt ratio)
- e = error

Firm Age and Probability

Based on the Table 1.3 Partial Test (T-Test) Result, the value of coefficient regression (β1) value from firm age (FA) is positive with amount 0.397 and that means firm age (FA) has positive effect to the profitability (ROS). The coefficient regression (β1) value of 0.397 states that every increase or decrease of one amount in the firm age (FA) will increase or decrease the profitability.
(ROS) in the amount of 0.397. The value of sig 0.000 < alpha 0.05 and it means the Ha accepted that the firm age (FA) has influences on profitability (ROS).

Company that has been established for long time period makes people became familiar with the business being run and the products offered because the company has marketed its products earlier. The level of profitability will also be more stable than companies that have a relatively has younger age because have more experiences and knowledges to improve the performance. Based on statistical analysis, the researcher found that firm age (FA) has significant and positive effect to the profitability (ROS). This result in line with the previous research has been conducted by Ghafoorifard, et.al (2014), Ofuan, et.al (2016), and Samosir (2018).

**Firm Size and Probability**

Based on the Table 1.3 Partial Test (T-Test) Result, the value of coefficient regression (β1) value from firm size (FS) is positive with amount 0.023 and that means firm size (FS) has positive effect to the profitability (ROS). The coefficient regression (β1) value of 0.023 states that every increase or decrease of one amount in the firm size (FS) will increase or decrease the profitability (ROS) in the amount of 0.023. The value of sig 0.004 < alpha 0.05 and it means the Ha accepted that the firm size (FS) has influences on profitability (ROS).

Large companies have more assets than small companies, so they can utilize more assets to operate the business activity. The greater the size of a company involves more activities carried out in its business activities that will get more attention from external parties such as government, investor, creditors, and economic analyst rather than a small company. The more assets owned by the company will increase the number of products that can be produced from the operating activity, so the profits derived from sales revenue will increase in line with it. Based on that statistical analysis, the researcher found that firm size (FS) has significant and positive effect to the profitability (ROS). This result in line with the previous research has been conducted by Barus and Leliani (2013), John and Adebayo (2013), Ghafoorifard, et.al (2014), Charles, et.al (2018), and Samosir (2018).

**Liquidity and Probability**

Based on the Table 1.3 Partial Test (T-Test) Result, the value of coefficient regression (β1) value from liquidity (CR) is positive with amount 0.031 and that means liquidity (CR) has positive effect to the profitability (ROS). The coefficient regression (β1) value of 0.031 states that every increase or decrease of one amount in the liquidity (CR) will increase or decrease the profitability (ROS) in the amount of 0.031. The value of sig 0.011 < alpha 0.05 and it means the Ha accepted that the liquidity (CR) has influences on profitability (ROS).

Company with high liquidity ratio can pay its short-term debt by current assets owned by the company. The level of trust from external parties such as creditors, investors, financial institutions, and others will be higher for companies that have a high level of liquidity ratio. This means the company with a high liquidity ratio will be easier to get loan funds and has good image by the public, so the company with high liquidity ratio can increase sales and get more profit from companies with a low liquidity ratio. Based on that statistical analysis, the researcher found that liquidity (CR) has significant and positive effect to the profitability (ROS). This result in line with the previous research has been conducted by John and Adebayo (2013), Yameen, et.al (2019), and Kartikasari and Merianti (2016).

**Leverage and Probability**

Based on the Table 1.3 Partial Test (T-Test) Result, the value of coefficient regression (β1) value from leverage (DR) is positive with amount 0.343 and that means leverage (DR) has positive effect to the profitability (ROS). The coefficient regression (β1) value of 0.343 states that every increase or decrease of one amount in the leverage (DR) will increase or decrease the profitability (ROS) in the amount of 0.343. The value of sig 0.012 < alpha 0.05 and it means the Ha accepted that the leverage (DR) has influences on profitability (ROS).

Firm’s capital can be obtained from private funds or external funds from the other people such as investors, banks, securities institutions, government, and others. Companies do not always experience good financial conditions, so they must seek additional funds from debt to support the operating activity. Company with good management can manage the fund from debt efficiently and effectively to maximize the production activity and increase the sales revenue and profitability of the company. Based on that statistical analysis, the researcher found that leverage (DR) has significant and positive effect to the profitability (ROS). The result of this research study found that leverage has significant and positive effect to the profitability. This result in line with the previous research has been conducted by Singapurwoko (2011), Devi and Devi (2014) and Kartikasari and Merianti (2016).

**CONCLUSION, IMPLICATION, LIMITATION, AND RECOMMENDATIONS**

This research aims to analyze, examine, measure and find empirical evidence about the effect of firm characteristic proxied by firm age, firm size, liquidity, and leverage to the profitability proxied by return on sales. Based on statistical analysis and discussion results explained at previous chapter, the researcher found all of the hypotheses formulation of this research study accepted as mentions below:

1. Ha1: Firm age has significant and positive effect to the profitability.
2. Ha2: Firm size has significant and positive effect to the profitability.
3. Ha3: Liquidity has significant and positive effect to the profitability.
4. Ha4: Leverage has significant and positive effect to the profitability.

The researcher conclude that the firm age, firm size, liquidity, and leverage have significant and positive effect to the profitability. Based on the conclusion above, this research study has several implications to these following parties:
a. Theoretical: Increase author’s knowledge and give more understanding about firm age, firm size, liquidity, leverage, and profitability. The author is getting knowledge and information about Indonesian demographic in food and beverage sector in period of 2014 until 2018 that can be useful to predicted and prepared the condition on the next year.

b. Managerial/Commercial: This research can provide information about the firm characteristics that have effect on profitability and financial performance of the company. This research can be used as reference to improve financial performance of a company.

c. Practical: Adding knowledge about firm age, firm size, liquidity, leverage, and profitability. This research can be used as an example of a case and give inspiration and information for future researchers related to firm age, firm size, liquidity, leverage, and profitability. The readers are getting knowledge and information about Indonesian demographic in the food and beverage sector in the period of 2014 until 2018 that may be useful for making an investment decision, future research, and other decisions.

Limited sample data due to sampling criteria. There are some companies listed on the Indonesia Stock Exchange (IDX) from sector consumer goods sector with sub-sector food and beverage is already delisting. It made the sample of this research study decrease and cannot describe the actual demographic situation from all of the companies in Indonesia. Based on the results found in this research study that has been discussed that the firm age, firm size, liquidity, and leverage have significant and positive effect to the profitability. The researcher has some recommendations such as:

a. The company should use and manage the knowledges got from experiences for long time period of existence to improve its management and generate more profits based on the results in this research study the firm age has positive effect to profitability.

b. The company should maintain all of assets well and utilize it to improve the operating activity to generate more profits because based on the results in this research study the firm size determined from total assets has positive effect to profitability.

c. Management of company should use all of assets owned effectively and efficiently to increase the asset turnover to increase the amount of sales revenue and generate more profits because a company with high liquidity ratio will has good performance based on the results in this research study the liquidity has positive effect to profitability.

d. The company should use the funds from debt effectively to generate more profits so the company can be able to pay its obligations. Company should maintain good relationship with external parties such as investor, banks, government, and others to increase trust level and goodwill. It will be easier to get fund if a company have good image related to the indebtedness because based on the results in this research study the leverage has positive effect to profitability.

e. Future researchers be expected to analyze the other variables that may have effect to the profitability but not included as variables analyzed in this research because there are remaining amount 52.7 percent variations of the other independent variables that may affected to the profitability, but it is not included in the regression model of this research study such as industry type, board size, and others.

f. Future researchers should expand the sample of research, so there are more companies can be observed and covered wider variety of industrial sectors not only food and beverage sector. It will provide the research results to describe the conditions in a country. This can be done in various ways, such as by reduce the sample selection criteria that must be fulfilled.

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