

The Influence of Liquidity, Leverage, Activity, Profitability, Company Size, and Net Profit Margin on Financial Performance (Case Study of Manufacturing Companies Listed on Idx in the Years 2018 – 2020)

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Abstract: This research examines manufacturing companies listed on the IDX in 2018-2020. This study uses a quantitative research type using secondary data taken from the annual financial reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The number of samples in this study were 99 samples, using a multiple linear regression model. The result is that the Liquidity Variable has no significant effect on Financial Performance, Leverage Variable has a significant effect on Financial Performance, Activity has a significant effect on Financial Performance, Profitability Variable has a significant effect on Financial Performance, Company Size Variable has no significant effect on Financial Performance. The variables of Liquidity, Leverage, Activity, Profitability and Company Size have a simultaneous effect on Financial Performance.

Abstrak: Penelitian ini meneliti perusahaan manufaktur yang terdaftar di BEI tahun 2018-2020. Penelitian ini menggunakan jenis penelitian kuantitatif dengan menggunakan data sekunder yang diambil dari laporan keuangan tahunan perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada tahun 2018-2020. Jumlah sampel pada penelitian ini adalah 99 sampel, dengan menggunakan model regresi linear berganda. Hasilnya adalah Variabel Likuiditas tidak berpengaruh secara signifikan terhadap Kinerja Keuangan, Variabel Leverage berpengaruh secara signifikan terhadap Kinerja Keuangan, Aktivitas berpengaruh secara signifikan terhadap Kinerja Keuangan, Variabel Profitabilitas berpengaruh secara signifikan terhadap Kinerja Keuangan, Variabel Ukuran Perusahaan tidak berpengaruh secara signifikan terhadap Kinerja Keuangan. Variabel Likuiditas, Leverage, Aktivitas, Profitabilitas dan Ukuran Perusahaan berpengaruh secara simultan terhadap Kinerja Keuangan.



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INTRODUCTION

Currently, Indonesia is entering the era of the global market, where domestic companies are not only competing with each other domestically, but also with foreign

companies (Ellitan, 2020). This competition drives these companies to continually strive for growth, similar to the registered manufacturing companies on the Indonesia Stock Exchange (IDX). According to the Central Statistics Agency (BPS), the manufacturing sector is experiencing rapid

development due to increasing societal needs, leading to a swift economic pace. This growth extends to registered manufacturing companies on the IDX.

Being listed on the IDX signifies that a manufacturing company has gone public and its stocks are tradable in the stock market. These companies encompass various industrial sectors, including the Basic and Chemical Industry Sector, Miscellaneous Industry Sector, and Consumer Goods Industry Sector. These IDX-listed manufacturing companies experience substantial growth each year, as evidenced by their improving performance indicators such as GDP, investment realization, export achievements, employment rates, and Manufacturing PMI. The expanding population also contributes to the growth in the utilization of manufactured products (Antar et al., 2021).

In the process of a company's development, the role of managerial creativity is crucial. Decisions and actions taken by managers profoundly influence the future fate of the company. One action that managers can undertake to sustain and compete with other companies is measuring the company's financial performance (Ukko et al., 2019). Financial performance information can be obtained by analyzing the company's financial statements. Financial statements provide insights into a company's financial position and results achieved within a specific period.

Financial performance analysis aims to assess how well a company adheres to financial regulations and practices (Jan et al., 2021). States that financial performance analysis gauges a company's compliance with financial rules and practices. Financial performance serves as a measure of a company's achievement within a period; positive financial performance attracts investors' interest (Sandberg et al., 2023).

Based on the main journal in this study, several factors influence a company's financial performance, including Liquidity, Leverage, Activity, Profitability, and Company Size. Liquidity ratios measure a company's ability to pay short-term debts that are due (Rajagukguk & Siagian, 2021), using proxies such as the Current Ratio (CR). Leverage ratios assess a company's ability to

fulfill long-term obligations. Leverage carries a risk of excessive debt, termed "extreme debt" (Winata, 2023), measured using the Debt to Equity Ratio (DER). Activity ratios gauge a company's effectiveness in utilizing its assets, utilizing the Total Asset Turnover ratio. Profitability ratios reflect overall management effectiveness in generating profits from sales or investments, using Return on Asset (ROA). Company Size ratios provide an insight into a company's asset total and its development stage.

Given the aforementioned context, we have formulated this study titled "The Influence of Liquidity, Leverage, Activity, Profitability, and Company Size on Financial Performance (A Study on Manufacturing Companies Listed on the IDX for the Years 2018-2020)."

Theoretical Framework

a. Impact of Liquidity on Financial Performance

Liquidity refers to a company's ability to meet short-term liabilities with its current assets (Rajagukguk & Siagian, 2021). The higher the capability to repay debts, the better the financial performance of the company.

Fahmi (2014) suggests that a company's performance can be assessed using Liquidity Ratios. These ratios can be determined using the formula $\text{Current Ratio} = \text{current assets} / \text{current liabilities}$.

Kasmir (2012) states that Liquidity Ratios provide insight into a company's ability to settle its short-term obligations. A company with a higher likelihood of debt repayment is considered to have good financial performance.

Based on expert opinions, it can be concluded that the Current Ratio is a ratio used to assess a company's ability to pay short-term debts using its current assets. A higher ratio indicates a greater likelihood of debt repayment and signifies good financial performance. The Current Ratio is used as a Liquidity Ratio in this research.

b. Impact of Leverage on Financial Performance

Leverage is a ratio that illustrates the relationship between debt and equity, showing how much a company is financed by debt and the company's capacity, represented by equity. Proper debt utilization indicates good financial performance (Harahap et al., 2020).

Leverage depicts the extent to which a company's assets are financed by debt (Dirman, 2020). Excessive debt places a company in the category of an extreme company, as it may struggle to meet debt payments, implying poor financial performance.

Fahmi (2015) points out that Leverage can save a company from bankruptcy if its financial performance is good. A company with poor financial performance may face bankruptcy.

Based on expert opinions, it can be concluded that Leverage Ratio is used to indicate the extent to which debt finances a company's assets. Effective debt usage signifies good financial performance, whereas poor financial performance can lead to excessive debt and eventual bankruptcy. Debt to Equity Ratio (DER) is employed as the Leverage Ratio in this study.

c. Impact of Activity on Financial Performance

Activity Ratios as a company's ability to maximize the use of its resources. Effective resource utilization signifies good financial performance (Zhang & Dilanchiev, 2022).

Kasmir (2016:154) states that Activity Ratios measure a company's efficiency in using its assets. A company with good financial performance effectively employs its assets.

Khikmawati and Agustina (2015) elaborate that Activity Ratios gauge a company's ability to manage its assets to generate cash inflow (Lai et al., 2020). Higher cash inflow implies good financial performance.

Based on expert opinions, it can be concluded that Activity Ratios assess a company's effective utilization of its resources. Optimal asset usage indicates

good financial performance. Total Asset Turnover Ratio is employed as the Activity Ratio in this study.

d. Impact of Profitability on Financial Performance

(Zen & Pujarani, 2023) Profitability Ratios as indicators of a company's ability to generate profits in relation to sales, total assets, and equity. (Kurnia & Sundarta, 2023) explains that Profitability Ratios measure a company's ability to earn profits from its normal business activities. Kasmir (2019:114) states that Profitability Ratios evaluate a company's ability to generate profits within a specific period. Higher profit-generating ability signifies good financial performance.

Based on expert opinions, it can be concluded that Profitability Ratios illustrate a company's ability to generate profits. Higher profits reflect good financial performance. Return on Asset (ROA) is used as the Profitability Ratio in this study.

e. Impact of Company Size on Financial Performance

Company Size can be measured using various scales such as total assets, logarithmic size, market value, and sales (Hasangapon et al., 2021). Generally, company size is categorized as small, medium, or large.

Company Size as a ratio expressed in total assets, representing the magnitude of a company. Larger company size indicates good financial performance (Solihati, 2023).

Putu Ayu and Gerianta (2018) state that Company Size is the classification of a company's magnitude using total assets, sales, stock value, etc. Investors often use company size to make decisions.

Based on expert opinions, it can be concluded that Company Size Ratios depict a company's magnitude. Total assets are a common determinant of Company Size. Larger company size implies good financial performance. The natural logarithm (Ln) of Total Assets is used to determine Company Size in this research.

Conceptual Framework

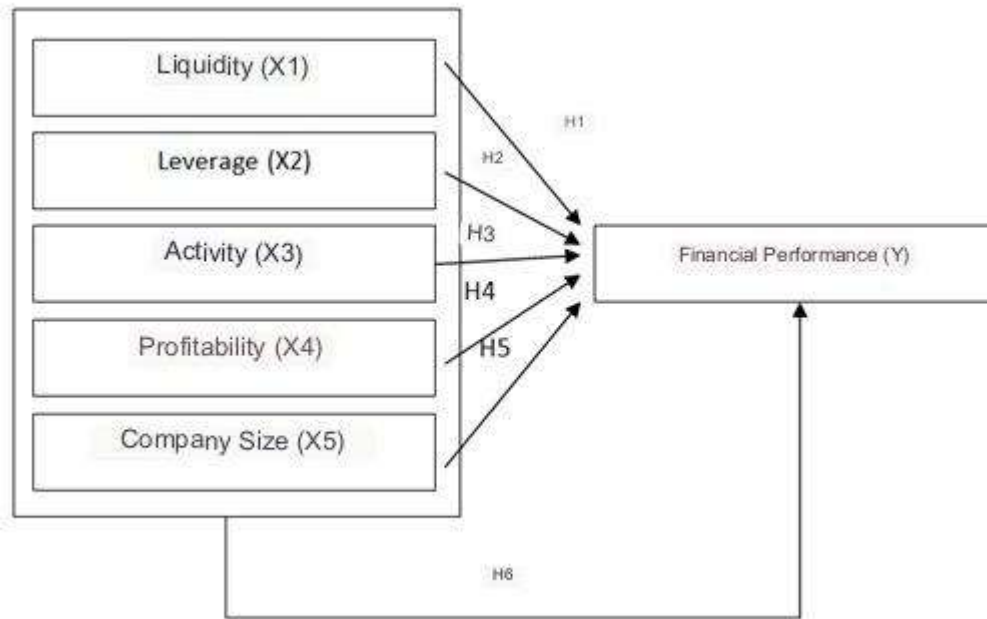


Figure 1 Conceptual Framework

Research Hypotheses

Hypotheses are preliminary answers that will be further examined. The hypotheses of this study are as follows:

1. Hypothesis 1: Liquidity has a partial impact on Financial Performance.
2. Hypothesis 2: Leverage has a partial impact on Financial Performance.
3. Hypothesis 3: Activity has a partial impact on Financial Performance.
4. Hypothesis 4: Profitability has a partial impact on Financial Performance.
5. Hypothesis 5: Company Size has a partial impact on Financial Performance.
6. Hypothesis 6: Liquidity, Leverage, Activity, Profitability, and Company Size collectively have a simultaneous impact on Financial Performance.

METHODS

Research Type and Research Object

This study is a quantitative research using secondary data taken from the annual financial reports of manufacturing

companies listed on the Indonesia Stock Exchange (BEI) for the years 2018-2020. The aim of this research is to test hypotheses and assess the Financial Performance of manufacturing companies. The research object is Manufacturing Companies listed on the BEI for the years 2018-2020.

Data Collection Method and Data Sources

The data collection method in this research involves documentary study. Documentary study is a technique used to collect data by examining and analyzing documents created by others or by the subjects themselves, which are used in the research (IAPADP & Ramendra, 2019).

The data source for this research consists of secondary data sourced from the Financial Statements of Manufacturing Companies listed on the BEI for the years 2018-2020. Secondary data are data obtained indirectly from the data creators (Klus et al., 2020). This aligns with the objective of this research, which is to understand the influence of Liquidity, Leverage, Activity, Profitability, and Company Size on Financial Performance.

Research Sample

The research sample consists of 99 manufacturing companies listed on the BEI for the years 2018-2020. The sampling technique employed is purposive sampling, with criteria including: first, manufacturing companies listed on the BEI for the years 2018-2020; second, manufacturing companies with complete variable data; third, manufacturing companies with consecutive financial report publication for the years 2018-2020; fourth, manufacturing companies using the Indonesian Rupiah as currency; fifth, manufacturing companies

with consecutive profits for the years 2018-2020.

Hypothesis Testing

Hypothesis testing in this research is conducted using multiple linear regression analysis through the SPSS application. This analysis aims to assess the impact of each Independent Variable on the Dependent Variable.

Identification and Operational Definition of Research Variables

Table 1 Identification and Operational Definition of Research Variables

No	Variable	Operational Definition	Measurement	Scale
1	Financial performance (Y)	Financial performance is an index used to see how far the company has used the implementation rules properly and correctly (Fahmi,2012:2).	$Return\ on\ Investment/ROI = \frac{Net\ Aba\ After\ Tax}{Total\ Assets}$	R
2	Likuidity (X1)	Liquidity is a ratio used to describe a company's ability to pay short-term obligations using its assets in a timely manner (Fahmi,2017:121).	$Current\ Ratio = \frac{Current\ Asset}{Current\ Debt}$	R
3	Leverage (X2)	<i>Leverage is the ratio used to measure the extent to which a company's assets are financed by debt or it can be said, the amount of debt used by a company to finance its operational activities using its own capital</i> (Kasmir, 2017:113).	$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Total\ Capital}$	R
4	Activity (X3)	Activity is the ratio used to measure the company's effectiveness in using its assets (Kasmir, 2018:172)	$Total\ Asset\ Turnover = \frac{Net\ Sales}{Total\ Assets}$	R
5	Profitability (X4)	Profitability is the ratio used to show the company's ability to generate profits from the resources owned by the company, usually derived from the use of capital, sales. Asset use (Hery, 2018:192).	$Return\ on\ Asset/ROA = \frac{EBIT}{Total\ Assets}$	R
6	Company Size (X5)	Company size is the level that distinguishes the size of the company in terms of total assets, number of sales, etc (Widiastari&Yasa, 2018).	$Firm\ Size = Ln\ x\ total\ asset$	R

Data Analysis Methods

a. Descriptive Analysis

Descriptive analysis is used to determine the values of each research variable. This analysis involves assessing the minimum, maximum, mean, and standard deviation values of the collected data.

Descriptive analysis is a process used to analyze data by portraying the collected data as it is, without intending to draw general conclusions (Marahole et al., 2021).

b. Classic Assumption Testing

1) Normality Test

According to Ghozali (2018:145), the Normality Test is conducted to determine whether in the regression model, Independent Variables (X) and Dependent Variable (Y) or both variables are normally distributed.

Sig > 0.05 indicates normal distribution

Sig < 0.05 indicates non-normal distribution

2) Multicollinearity Test

According to Sunyoto (2016:87), the Multicollinearity Test is performed to examine multiple regression involving two or more Independent Variables (X), where the degree of correlation between these variables is measured by the magnitude of the correlation coefficient (r).

If tolerance value > 0.10 and VIF < 10, then there is no multicollinearity between variables.

If tolerance value < 0.10 and VIF > 10, then there is multicollinearity between variables.

3) Autocorrelation Test

According to Ghozali (2018:111), the Autocorrelation Test is conducted to determine whether there is correlation between disturbance errors in the regression model in the previous period (t-1).

a) Positive autocorrelation

If $dw < dL$, then positive autocorrelation

If $dw > dU$, then no positive autocorrelation

If $dL < dw < dU$, then inconclusive

b) Negative autocorrelation

If $(4 - dw) < dL$, then negative autocorrelation

If $(4 - dw) > dU$, then no negative autocorrelation

If $dL < (4 - dw) < dU$, then inconclusive

4) Heteroskedasticity Test

According to Ghozali (2018:120), the Heteroskedasticity Test is performed to determine whether there is unequal variance and residual in one observation compared to another in the regression model.

If Sig value > 0.05, then there is no heteroskedasticity

If Sig value < 0.05, then there is heteroskedasticity

c. Multiple Linear Regression Analysis

Multiple Linear Regression Analysis is used to predict how the Dependent Variable (Y) fluctuates, if two or more Independent Variables (X) are considered as factors affecting its fluctuations.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

Where:

Y = Financial Performance

X1 = Liquidity

X2 = Leverage

X3 = Activity

X4 = Profitability

X5 = Company Size

a = constant

$b_1b_2b_3b_4b_5$ = regression coefficients of independent variables

d. Hypothesis Testing

1) T-Test

According to Ghozali (2017:56), the T-Test is used to show the influence of Independent Variables (X) on the Dependent Variable (Y), assuming that the other independent variables are constant.

If calculated t-value < table t-value and Sig > 0.05, then H_0 is accepted

If calculated t-value > table t-value and Sig < 0.05, then H_a is accepted

2) F-Test

According to Sujarweni (2015:162), the F-Test is used to determine the joint

influence of Independent Variables (X) on the Dependent Variable (Y).

If calculated F-value < table F-value and Sig > 0.05, then H0 is accepted

If calculated F-value > table F-value and Sig < 0.05, then Ha is accepted

3) R2 Test

According to Ghazali (2016), the Coefficient of Determination (R2) is used to measure how far the joint influence of

Independent Variables (X) affects the Dependent Variable (Y).

RESULTS AND DISCUSSION

a. Preparation

The selected population for this study consists of 193 manufacturing companies for the years 2018-2020. The criteria for sample selection in this research are as follows:

Table 2 Sample Selection Process

No	Sample Criteria	Amount
1	Manufacturing companies listed on the IDX in 2018 - 2020	193
2	Manufacturing companies that do not have complete variable data	(45)
3	Manufacturing companies that do not publish consecutive financial reports in 2018 - 2020	(55)
4	Manufacturing companies that do not use the rupiah currency	(20)
5	Manufacturing companies that did not earn consecutive profits in 2018 - 2020	(40)
	Total Research Sample	33
	Total Sample x 3 Years	99

Hypothesis testing in this study is conducted using multiple linear regression analysis with the SPSS software. This multiple linear regression analysis serves to analyze the extent of influence of

Independent Variables (X) on the Dependent Variable (Y).

b. Achieved Results

1) Descriptive Analysis

Table 3 Descriptive Statistics

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
LIKUIDITY (X1)	99	,652899571904 466	208,444627849 896600	5,49374815293 9609	20,8131359671 05293
LEVERAGE (X2)	99	,016015504294 788	3,15902399821 1193	,604637485433 722	,581682322882 190
ACTIVITY (X3)	99	,304574995181 020	8,66760893002 4887	1,20279717599 4833	,881796296578 985
PROFITABILITY (X4)	99	,013182139497 794	1,18902245040 9787	,130349665129 314	,155733942489 390
COMPANY SIZE (X5)	99	17,1240322598 10836	30,6155660698 58900	25,6199290220 22790	3,09821243231 3511
FINANCIAL PERFORMANCE (Y)	99	,000500133224 431	,920997195368 057	,117603994470 139	,136337441524 214

Valid N (listwise)	99			
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Source: Data Processed, 2023

Based on the results of the Descriptive Analysis, it can be observed that the total number of data points is 99. For the Liquidity Variable, the minimum value is 0.652899571904466, the maximum value is 208.444627849896600, the mean is 5.493748152939609, and the standard deviation is 20.813135967105293. The Leverage Variable has a minimum value of 0.016015504294788, a maximum value of 3.159023998211193, a mean of 0.604637485433722, and a standard deviation of 0.581682322882190. The Activity Variable shows a minimum value of 0.304574995181020, a maximum value of 8.667608930024887, a mean of 1.202797175994833, and a standard deviation of 0.881796296578985. The Profitability Variable has a minimum value

of 0.013182139497794, a maximum value of 1.189022450409787, a mean of 0.130349665129314, and a standard deviation of 0.155733942489390. The Company Size Variable indicates a minimum value of 17.124032259810836, a maximum value of 30.615566069858900, a mean of 25.619929022022790, and a standard deviation of 3.098212432313511. The Financial Performance Variable has a minimum value of 0.000500133224431, a maximum value of 0.920997195368057, a mean of 0.117603994470139, and a standard deviation of 0.136337441524214.

2) Classical Assumption Tests

a) Normality Test

Table 4 Normality Test

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			99
Normal Parameters ^{a,b}	Mean		,000000
	Std. Deviation		,01878011
Most Extreme Differences	Absolute		,108
	Positive		,108
	Negative		-,071
Test Statistic			,108
Asymp. Sig. (2-tailed)			,006 ^c
Monte Carlo Sig. (2-tailed)	Sig.		,180 ^d
	99% Confidence Interval	Lower Bound	,170
		Upper Bound	,190

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Based on 10000 sampled tables with starting seed 2000000.

Source: Processed Data, 2023

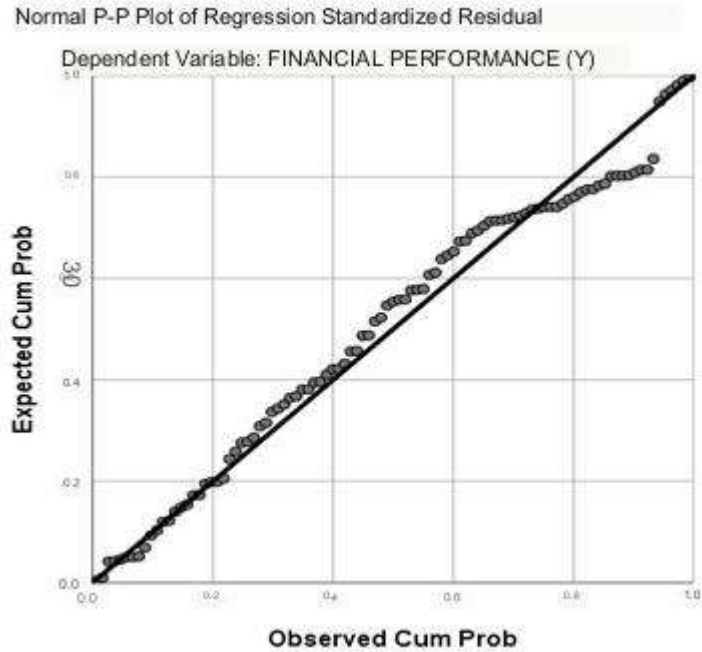


Figure 2 P-P Plot Normality Test
Source: Processed Data, 2023

Based on the One Sample Kolmogorov-Smirnov Test table, it can be seen that the significant value of Monte Carlo is $0.180 > 0.05$. Therefore, it can be concluded that the data is normally distributed. This is further supported by the P-P Plot graph, where the

data distribution follows the direction of the diagonal line. This indicates that there are no issues with the data, and it is normally distributed.

b) Autocorrelation Test

Table 5 Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,990 ^a	,981	,980	,019278340490 214	1,717

a. Predictors: (Constant), COMPANY SIZE (X5), LEVERAGE (X2), ACTIVITY (X3), LIKUIDITY (X1), PROFITABILITY (X4)

b. Dependent Variable: FINANCIAL PERFORMANCE (Y)

Source: Processed Data, 2023

Based on the Autocorrelation Test table, it can be observed that the Durbin Watson value is 1.717, with dL (lower bound) value of 1.5683 and dU (upper bound) value of 1.7799. Therefore, the decision-making criteria for the Durbin

Watson test is $d_l \leq d \leq d_u$. As a result, the obtained conclusion is $1.5683 \leq 1.717 \leq 1.7799$, indicating that there is no positive autocorrelation (no decision).

c) Multicollinearity Test

Table 6 Multicollinearity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,029	,018		1,641	,104		
	LIKUIDITY (X1)	-9,706E-5	,000	-,015	-1,019	,311	,965	1,037
	LEVERAGE (X2)	,013	,003	,054	3,683	,000	,962	1,039
	ACTIVITY (X3)	-,027	,003	-,177	-8,495	,000	,472	2,119
	PROFITABILIT Y (X4)	,954	,019	1,090	51,130	,000	,449	2,229
	COMPANY SIZE (X5)	,000	,001	-,009	-,562	,575	,847	1,181

a. Dependent Variable: FINANCIAL PERFORMANCE (Y)

Source: Processed Data, 2023

Based on the multicollinearity test table, it can be observed that the Tolerance values for the variables are as follows: 0.965 for Liquidity, 0.962 for Leverage, 0.472 for Activity, 0.449 for Profitability, and 0.847 for Company Size. These values are greater than 0.10. Additionally, the VIF values for the variables are as follows: 1.037 for Liquidity,

1.039 for Leverage, 2.119 for Activity, 2.229 for Profitability, and 1.181 for Company Size. These values are smaller than 10.00. Therefore, it can be concluded that there is no multicollinearity among the Independent Variables in this study.

d) Heteroskedasticity Test

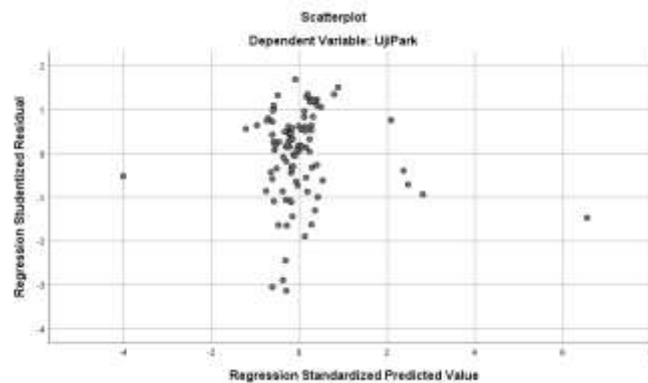


Figure 3 Heteroskedasticity Test

Source: Processed Data, 2023

Table 7 Park Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-9,846	1,622		-6,071	,000
	LIKUIDITY (X1)	-,010	,009	-,109	-1,111	,269
	LEVERAGE (X2)	,335	,315	,105	1,061	,291
	ACTIVITY (X3)	,288	,297	,137	,971	,334

PROFITABILITY (X4)	2,214	1,725	,186	1,284	,202
COMPANY SIZE (X5)	-,001	,063	-,002	-,023	,982

a. Dependent Variable: UjiPark

Source: Processed Data, 2023

Based on the Scatterplot data above, it can be observed that the scattered points do not exhibit any specific pattern, either above or below, indicating the absence of a distinct pattern. Thus, the conclusion can be drawn that there is no heteroskedasticity among the Independent Variables in this study. With regards to the Park Test results, the obtained significance values for the

variables are as follows: Liquidity Variable $0.269 > 0.05$, Leverage Variable $0.291 > 0.05$, Activity Variable $0.334 > 0.05$, Profitability Variable $0.202 > 0.05$, and Company Size Variable $0.982 > 0.05$. Therefore, it can be concluded that there is no heteroskedasticity in this study.

c. Multiple Linear Regression Analysis

Table 8 Multiple Linear Regression Analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,029	,018		1,641	,104		
	LIKUIDITY (X1)	-9,706E-5	,000	-,015	-1,019	,311	,965	1,037
	LEVERAGE (X2)	,013	,003	,054	3,683	,000	,962	1,039
	ACTIVITY (X3)	-,027	,003	-,177	-8,495	,000	,472	2,119
	PROFITABILITY (X4)	,954	,019	1,090	51,130	,000	,449	2,229
	COMPANY SIZE (X5)	,000	,001	-,009	-,562	,575	,847	1,181

a. Dependent Variable: FINANCIAL PERFORMANCE (Y)

Source: Processed Data, 2023

Based on the data from the multiple linear regression analysis, the equation of the multiple linear regression can be determined as follows:

$$Y = 0.029 - 9.706E-5 X_1 + 0.013 X_2 - 0.027 X_3 + 0.954 X_4 - 0.000 X_5 + e$$

Based on the regression equation, the following conclusions can be drawn:

- 1) The constant value of 0.029 indicates the value of the Financial Performance Variable without being influenced by the independent variables.
- 2) The regression coefficient value (β_1) of -9.706E-5 indicates a negative influence on the Financial Performance Variable, meaning that with an increase in

Liquidity, the Financial Performance tends to decrease.

- 3) The regression coefficient value (β_2) of 0.013 indicates a positive influence on the Financial Performance Variable, meaning that with an increase in Leverage, the Financial Performance tends to increase.
- 4) The regression coefficient value (β_3) of -0.027 indicates a negative influence on the Financial Performance Variable, meaning that with an increase in Activity, the Financial Performance tends to decrease.
- 5) The regression coefficient value (β_4) of 0.954 indicates a positive influence on the

Financial Performance Variable, meaning that with an increase in Profitability, the Financial Performance tends to increase.

- 6) The regression coefficient value (β_5) of -0.000 indicates a negative influence on the Financial Performance Variable,

meaning that with an increase in Company Size, the Financial Performance tends to decrease.

d. Hypothesis Testing

- 1) Partial Test (T-test)

Table 9 T-Test

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,029	,018		1,641	,104		
	LIKUIDITY (X1)	-9,706E-5	,000	-,015	-1,019	,311	,965	1,037
	LEVERAGE (X2)	,013	,003	,054	3,683	,000	,962	1,039
	ACTIVITY (X3)	-,027	,003	-,177	-8,495	,000	,472	2,119
	PROFITABILITY (X4)	,954	,019	1,090	51,130	,000	,449	2,229
	COMPANY SIZE (X5)	,000	,001	-,009	-,562	,575	,847	1,181

a. Dependent Variable: KINERJA KEUANGAN (Y)

Source: Processed Data, 2023

Based on the conducted tests, the following conclusions can be drawn:

- 1) The obtained significance value for Liquidity is $0.311 > 0.05$, and the calculated t-value is $1.019 < t\text{-table } 1.98580$, therefore H1 is rejected, meaning that there is no significant influence of Liquidity on Financial Performance.
- 2) The obtained significance value for Leverage is $0.000 < 0.05$, and the calculated t-value is $3.683 > t\text{-table } 1.98580$, therefore H2 is accepted, indicating a significant influence of Leverage on Financial Performance.
- 3) The obtained significance value for Activity is $0.000 < 0.05$, and the calculated t-value is $-8.495 > t\text{-table } 1.98580$,

therefore H3 is accepted, indicating a negative influence of Activity on Financial Performance.

- 4) The obtained significance value for Profitability is $0.000 < 0.05$, and the calculated t-value is $51.130 > t\text{-table } 1.98580$, therefore H4 is accepted, indicating a significant influence of Profitability on Financial Performance.
- 5) The obtained significance value for Company Size is $0.575 > 0.05$, and the calculated t-value is $-0.562 < t\text{-table } 1.98580$, therefore H5 is rejected, meaning that there is no significant influence of Company Size on Financial Performance.

- 2) Simultaneous Test (F-test)

Table 10 F-Test

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	1,787	5	,357	961,673	,000 ^b
	Residual	,035	93	,000		
	Total	1,822	98			

a. Dependent Variable: KINERJA KEUANGAN (Y)

b. Predictors: (Constant), COMPANY SIZE (X5), LEVERAGE (X2), ACTIVITY (X3), LIKUIDITY (X1), PROFITABILITY (X4)

Source: Processed Data, 2023

Based on the conducted tests, it can be observed that the significance values for Liquidity, Leverage, Activity, Profitability, and Company Size are all $0.00 < 0.05$, and the calculated F-value is $961.673 > F\text{-table } 2.311$. Therefore, it can be concluded that H6

is accepted, indicating that Liquidity, Leverage, Activity, Profitability, and Company Size simultaneously influence Financial Performance.

3) Coefficient of Determination Test

Table 11 Coefficient Of Determination Test

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,990 ^a	,981	,980	,019278340490 214

a. Predictors: (Constant), COMPANY SIZE (X5), LEVERAGE (X2), ACTIVITY (X3), LIKUIDITY (X1), PROFITABILITY (X4)

b. Dependent Variable: FINANCIAL PERFORMANCE (Y)

Source: Processed Data, 2023

Based on the conducted tests, it is found that the R-squared value is 0.981, indicating that Liquidity, Leverage, Activity, Profitability, and Company Size collectively influence Financial Performance by 98.1%, while the unexamined variables contribute to 1.9% of the influence.

d. Influence of Liquidity on Financial Performance

The results of this study show that Liquidity does not have a partial influence on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (BEI).

This finding is consistent with Hanafi's theory (2013:37), which suggests that Liquidity does not significantly affect a company's Financial Performance, as having high asset values does not necessarily guarantee profitability for a company.

e. Influence of Leverage on Financial Performance

The results of this study indicate that Leverage has a partial influence on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (BEI).

This result is aligned with the study conducted by Ludijanto et al. (2014), which concludes that Leverage has a positive influence on Financial Performance. Effective capital management can increase profits and simultaneously reduce company debt, ultimately having a positive impact on a company's Financial Performance.

f. Influence of Activity on Financial Performance

The results of this study show that Activity has a partial influence on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (BEI).

This finding is consistent with studies by Esthirahayu et al. (2014) and Al-Furuqy

(2016), which suggest that Activity has an impact on Financial Performance. Higher sales volumes indicate effective management of the company's total assets.

g. Influence of Profitability on Financial Performance

The results of this study show that Profitability has a partial influence on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (BEI).

This result aligns with the study conducted by Mutia Raisa Nasution (2018) at the Faculty of Islamic Economics and Business, State Islamic University of North Sumatra, titled "Analysis of Profitability Ratios as a Tool to Assess Financial

Performance." The study concludes that Profitability ratios can be used to measure Financial Performance and they do have an influence.

h. Influence of Company Size on Financial Performance

The results of this study show that Company Size does not have a partial influence on Financial Performance in manufacturing companies listed on the Indonesia Stock Exchange (BEI).

This result is in line with a study by Warena (2013), which suggests that Company Size does not significantly affect Financial Performance. Larger company assets may lead to increased operational costs, reducing the obtained profits.

Table 12 Previous Research Findings

No	Researcher Name	Research Title	Research variable	Research result
1	Adi Sindhu Nurcahya, dkk (2017)	The Influence of Good Corporate Governance, Company Size and Leverage on Company Financial Performance (Study of Manufacturing Companies in the Basic Industry and Chemical Sector Listed on the IDX in 2012-2013)	Independent Variables: Good Corporate Governance, Company Size and Leverage Dependent Variable: Company's Financial Performance	The results of this study indicate that the Board of Directors and Leverage variables have a significant effect on Financial Performance and partially the Board of Commissioners, Independent Board of Commissioners, Audit Committee and Company Size variables have no significant effect on Financial Performance. Simultaneously the Independent variables affect Financial Performance
2	Ajeng Asmi Mahaputeri (2014)	Ownership Structure, Funding Policy and Company Size on Company Performance (Study of Manufacturing Companies in 2008-2012)	Independent Variables: Ownership Structure, Funding Policy and Company Size Dependent Variable: Firm Performance	The results of this study indicate that managerial ownership has a significant negative effect on company performance, funding policy has no significant effect on company performance, and company size has no significant effect on company financial performance.
3	Elizabeth Lorenza	The Effect of Profitability and Leverage on	Independent Variables: Profitability and Leverage	The results of this study indicate that Profitability and Leverage Variables partially

	Situmorang (2021)	Financial Performance in London Sumatra Indonesia Tbk Plantation Companies Listed on the IDX in 2012-2019	Dependent Variable: Financial Performance	and simultaneously affect Financial Performance.
4	Harianto Gultom (2021)	The Effect of Profitability and Liquidity on Financial Performance in Food and Beverage Companies Listed on the IDX	Independent Variables: Profitability and Liquidity Dependent Variable: Financial Performance	The results of this study indicate that the variable Profitability has a significant effect on the Company's Financial Performance and the Liquidity variable has no effect on the Company's Financial Performance. Simultaneously Liquidity and Profitability affect Financial Performance
5	Hartoyo (2018)	The Relationship between Current Ratio, Capital Structure, and Company Size on the Financial Performance of Mining Companies Listed on the IDX for the 2014-2016 Period	Independent Variables: Current Ratio, Capital Structure, and Company Size Dependent Variable: Financial Performance	The results of this study indicate that the Variable Current Ratio and Firm Size have no effect on the Company's Financial Performance, while the Capital Structure has an effect on the Company's Financial Performance. Simultaneously Current Ratio, Capital Structure and Company Size affect Financial Performance
6	Indra Widjaja, Shelly Andelline (2018)	The Influence of Working Capital Turnover, Total Asset Turnover, Asset Growth and Sales Growth on the Financial Performance of Consumer Goods Companies Listed on the IDX During 2013-2016	Independent Variables: Working Capital Turnover, Total Asset Turnover, Asset Growth and Sales Growth Dependent Variable: Financial Performance	The results of this study indicate that the Working Capital Turnover and Total Asset Turnover variables affect financial performance. Asset Growth and Sales Growth variables have no effect on the Company's Financial Performance. Simultaneously Working Capital Turnover, Total Asset Turnover, Asset Growth and Sales Growth affect Financial Performance
7	Ludijanto et al. (2014)	The Effect of Leverage Analysis on Company	Independent Variable: Leverage	The results of this study indicate that the Leverage Variable (Debt to Equity Ratio)

Financial Performance and Real Estate Companies Listing on the IDX in 2010-2012	Dependent Variable: Financial Performance	partially and simultaneously has an effect on Financial Performance (ROI)
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CONCLUSION

The research findings lead to the following conclusions regarding the Company Performance of Manufacturing Companies listed on the Indonesian Stock Exchange (IDX) for the years 2018-2020: Firstly, liquidity appears to have no significant impact. Secondly, leverage demonstrates a noteworthy influence. Thirdly, activity levels also exhibit a considerable effect. Fourthly, profitability is shown to significantly affect performance. Lastly, company size, in contrast, does not display a significant impact. Moving forward, several recommendations arise from these conclusions. Subsequent researchers are encouraged to incorporate additional variables that could potentially sway company performance. Investors are advised to comprehensively analyze other pertinent factors impacting company performance. Additionally, Universitas Prima Indonesia is hopeful that this study can serve as a valuable reference for future researchers.

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