THE EFFECT OF LIQUIDITY AND LEVERAGE ON PROFITABILITY IN MANUFACTURING COMPANIES IN THE HEALTHCARE SUBSECTOR LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2022–2024

FINAL ASSIGNMENT

Submitted to meet the requirements to obtain a Bachelor of Accounting (S.Ak.) Degree in the Accounting Study Program

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FACULTY OF ECONOMICS AND BUSINESS
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MAJELIS PENDIDIKAN TINGGI MUHAMMADIYAH
UNIVERSITAS MUHAMMADIYAH SUMATERA UTARA
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Item	Hasil Evaluasi	Tanggal	Paraf Dosen
Bab 1			
Bab 2			
Bab 3			
Bab 4	Deskripsi data Analisa & Pembahasan		
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Daftar Pustaka			
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Saya yang bertanda tangan di bawah ini,

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Dengan ini menyatakan bawah Tugas Akhir saya yang berjudul "**The Effect of Liquidity and Leverage on Profitability in Manufacturing Companies in The Healthcare Subsector Listed on The Indonesia Stock Exchange for the period 2022–2024**" adalah bersifat asli (original), bukan hasil menyadur secara mutlak hasil karya orang lain.

Bilamana di kemudian hari ditemukan ketidaksesuaian dengan pernyataan ini, maka saya bersedia dituntut dan diproses sesuai dengan ketentuan yang berlaku di Universitas Muhammadiyah Sumatera Utara.

Demikian pernyataan ini dibuat dengan sesungguhnya dan dengan sebenar-benarnya.

Yang Menyatakan

Fatinah Zahra

ABSTRACT

THE EFFECT OF LIQUIDITY AND LEVERAGE ON PROFITABILITY IN MANUFACTURING COMPANIES IN THE HEALTHCARE SUB-SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE DURING THE 2022-2024 PERIOD

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The purpose of this study is to examine and analyze the effect of liquidity and leverage on profitability in manufacturing companies in the healthcare sub-sector listed on the Indonesia Stock Exchange during the 2022-2024 period. In this study, the author used an associative approach with quantitative research and secondary data sources obtained from the companies' annual financial reports published on the Indonesia Stock Exchange. Data collection used documentation. The sampling technique used census sampling, resulting in a sample of 30 observations. The data analysis techniques used in this study included descriptive statistics, classical assumption tests, multiple linear regression, hypothesis testing, and coefficient of determination tests using SPSS. The results indicate that partially, liquidity has a positive and significant effect on profitability, while leverage has no significant effect. Simultaneous results indicate that both liquidity and leverage have a positive and significant effect on profitability.

Keywords: Liquidity, Leverage, Profitability

FOREWORD

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Medan, April 2026

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CHAPTER I

INTRODUCTION

1.1 Background

Manufacturing companies have an important role in the Indonesian economy because they contribute to national economic growth, job creation, and increased industrial competitiveness. In the face of increasingly fierce business competition, companies are required to be able to manage their resources effectively and efficiently in order to maintain business continuity. Financial management that is carried out effectively and efficiently will have an influence on improving business performance and competitiveness (Dahrani et al., 2022). One of the aspects that is the main concern in the management of the company is financial performance, especially the company's ability to generate profits or profitability.

Profitability is an important indicator that reflects the success of a company in managing its assets and capital to generate profits. Empirically, profitability is the main indicator in assessing a company's financial performance because it reflects the company's ability to generate profits from its resources. A high level of profitability indicates the effectiveness of management in managing assets, working capital, and funding structures. In addition, profitability plays an important role in attracting investor interest and assessing a company's ability to meet its financial obligations (Nirawati et al., 2022). Profitability measures management effectiveness based on the returns earned from sales and investments. Profitability describes a company's ability to earn profits over a period of time as measured by the level of sales, assets, and share capital the company owns (Awliya, 2022). A high level of profitability

indicates that the company is able to run operations efficiently and has good business prospects. On the other hand, low profitability can indicate problems in the company's financial and operational management. Therefore, profitability is often used as a basis for consideration by management, investors, and creditors in assessing the performance and sustainability of a company (Rahmawati et al., 2024).

Profitability or return on assets is a ratio used to measure a company's ability to make profits and provide a measure of the level of effectiveness of a company's management. The profitability ratio is a ratio that measures how effective a company is in utilizing existing investments and economic resources to achieve a profit, so that the company is able to provide profits to investors (Mayasari, 2024). The larger the ROA of a company, the greater the level of profit obtained and the better the use of company assets (Dahrani, 2022). Profitability in a company is shown by the profit generated from sales and investment income, basically this ratio shows the efficiency of the company. Profitability can be used as a measure of a company's success. The higher the level of profitability that a company has, the greater the company's ability to achieve the goals that have been set (Suliyanti, N., & Damayanti, 2022). Thus, profitability is a ratio used to determine how a company's ability to generate operating profit in a certain period through the use of all company resources that can reflect a company's performance (Williianti, 2020).

Based on the results of the calculation of Return on Assets (ROA) in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022–2024 period, there are several companies that show problematic ROA values. ROA that has a negative value or has experienced a

significant decline reflects the company's low ability to generate profits from its assets. Therefore, the following data is presented to identify companies with suboptimal levels of profitability as the basis for further analysis regarding the influence of working capital and leverage on profitability.

Table 1.1 List of Manufacturing Companies in the Healthcare Subsector Experiencing ROA Problems Listed on the Indonesia Stock Exchange for the 2022–2024 Period

No.	Company Name	Profitability		
		2022	2023	2024
1.	Indofarma Tbk	17,89	-8,89	-10,11
2.	Pyridam Farma Tbk	1,09	5,58	5,68
3.	Phapros Tbk	-1,50	-0,40	-2,73

(Source: www.idx.co.id/ Data Processed, 2026)

The profitability phenomenon in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period shows conditions that tend to fluctuate and even decline in some companies. Profitability measured using Return On Asset (ROA) is an important indicator to assess a company's ability to generate profits based on the total assets owned. However, based on the data that has been processed, there are several companies that experience negative ROA values that reflect the condition of losses.

Indofarma Tbk showed poor profitability performance, where in 2023 ROA was recorded at -8.89% and decreased again in 2024 to -10.11%. This condition shows that the company has not been able to manage assets optimally to generate profits, even experiencing losses in that period.

Meanwhile, Pyridam Farma Tbk showed relatively low profitability despite increasing from year to year. The ROA of 1.09% in 2022 increased to 5.58% in 2023 and 5.68% in 2024. Despite showing a positive trend, the level of profitability is still relatively low compared to industry standards, thus showing

that the company has not been optimal in utilizing its assets to generate profits.

In addition, Phapros Tbk also showed quite serious profitability problems, where the company suffered consecutive losses during the research period. ROA was recorded at -1.50% in 2022, -0.40% in 2023, and decreased again to -2.73% in 2024. This condition indicates that the company has not been able to generate profits from its assets and faces obstacles in operations and efficiency in the use of resources.

The phenomenon of fluctuations and declining profitability shows that the company's ability to generate profits is inseparable from the factors that affect it, including liquidity and leverage. Liquidity is a company's ability to meet its short-term obligations. According to Hery (2018), liquidity shows the company's ability to pay off short-term liabilities by using its current assets. Companies with a good level of liquidity will be better able to carry out their operational activities smoothly. However, liquidity that is too high can also indicate the existence of idle funds that are not used productively, potentially reducing profitability.

Factors that affect a company's profitability include leverage, liquidity, company size, working capital, and company efficiency (Putri, D. M. A., & Sari, 2022). One of the important factors that affect a company's profitability is liquidity. Liquidity shows how much a company is able to pay off short-term solvency by using the current assets owned by the company (Friska, 2021). Liquidity also has an important role in the success or smooth running of a company, liquidity is also one of the ratios used in measuring company performance (Pitoyo & Lestari, 2018). In addition to profitability is important for businesses, liquidity management is also indispensable in all small, medium, and

large businesses to be able to pay short-term debts without any difficulty in paying because collecting money from customers on time reduces the company's ability to generate profits (Pitoyo & Lestari, 2018).

An adequate level of liquidity indicates that the company is in a safe financial condition and is able to carry out its operational activities without hindrance. On the other hand, low liquidity levels can cause companies to have difficulties in meeting their short-term obligations, potentially disrupting the company's operational continuity. According to Hery (2018), liquidity is an indicator that shows a company's ability to pay off short-term liabilities with its current assets. In addition, research conducted by Pitoyo and Lestari (n.d.) also states that liquidity has a relationship with a company's ability to generate profits.

However, liquidity that is too high does not always indicate good conditions either. High levels of liquidity can indicate an excess of current assets that are not being used optimally, such as idle cash or excess inventory. This condition shows that companies are less efficient in managing their resources, so it can have an impact on declining profitability. In other words, there is a trade-off between liquidity and profitability, where the company needs to maintain a balance to remain liquid without sacrificing its ability to generate profits.

The liquidity phenomenon in healthcare subsector companies shows that there are significant differences between companies. There are companies with very high levels of liquidity, which indicates that there is an excess of current assets that are not optimally utilized. On the other hand, there are also companies with low levels of liquidity, which show limitations in meeting their short-term obligations. Both conditions show that suboptimal liquidity management can have

an impact on the company's financial performance, especially in generating profits.

Therefore, the following data is presented to describe the liquidity conditions of manufacturing companies in the healthcare subsector during the period 2022–2024 as a basis for analyzing the effect of liquidity on profitability

Tabel 1.2 The Liquidity Conditions of Manufacturing Companies In The Healthcare Subsector During The Period 2022–2024

No.	Company Name	Liquidity		
		2022	2023	2024
1.	Indofarma Tbk	9 ,10	2 ,60	8 ,90
2.	Kimia Farma Tbk	14,12	12 ,56	13 ,48
3.	Phapros Tbk	0,14	1,61	2,64

Based on liquidity data on manufacturing companies in the healthcare subsector for the 2022-2024 period, there are several companies that experience liquidity problems that show suboptimal conditions, both in the form of liquidity that is too high and too low. Indofarma Tbk has shown high liquidity levels in several periods, namely 9.10 in 2022 and 8.90 in 2024. This value is far above the general standard of liquidity, indicating that there is an excess of current assets that are not being utilized optimally. This condition indicates that the company has idle funds or is not used productively in operational activities, which can ultimately have an impact on low efficiency in generating profits. This is in line with the condition of the company's profitability which has decreased drastically to reach negative values in 2023 and 2024.

Kimia Farma Tbk also showed a very high liquidity phenomenon during the research period, which was 14.12 in 2022, 12.56 in 2023, and 13.48 in 2024. This very high level of liquidity indicates that the company has a very large proportion of current assets compared to its short-term liabilities. Although this condition

shows the company's ability to meet short-term obligations, on the other hand it also shows the potential for inefficiencies in asset management, because the available funds are not fully utilized for productive activities.

On the other hand, Phapros Tbk showed a different condition, where the company experienced a very low liquidity level in 2022, which was 0.14. This value is well below the liquidity standard, indicating that the company is having difficulty meeting its short-term obligations. This low liquidity condition has the potential to disrupt the smooth operation of the company and can have an impact on financial performance. This is in line with the profitability condition of Phapros Tbk which showed negative values during the research period, which indicates that the company is experiencing losses. Thus, the liquidity phenomenon that occurs in the three companies shows that both liquidity that is too high and too low can be an indication of problems in the company's financial management. Therefore, optimal liquidity management is important to maintain a balance between the company's ability to meet short-term obligations and the company's ability to generate profits

In addition to Liquidity, next is leverage, Leverage is the ability of a company to use assets or funds that have fixed cost assets or funds to increase the level of income (return) for company owners (Syamsudin, 2014 in (Ellysa, Fransisca & Widjaja, 2019)). Leverage is a company's ability to measure how much debt is used in the company's operational financing. The ratio commonly used to measure leverage is the Debt to Equity Ratio (DER), which is a comparison between total debt and total equity owned by a company in carrying out its daily operational activities. Therefore, the level of a company's leverage

can affect the company's ability to make a profit (Viranty, 2019). Leverage is a strategy used by companies to use assets and sources of funds at a fixed cost, with the intention of increasing potential profits for shareholders (Sartono, 2016 in (Kartika & Sari, 2021)). The ratio to leverage will be an important consideration tool for investors or creditors to value their investments (Hasibuan, Z. G., Astuty, W., & Sari, 2023). (Kasmir, 2021), Debt to equity ratio is a ratio used to measure the ratio between total debt and total equity of a company, including short-term debt. The goal is to assess how much funds are borrowed from creditors compared to the funds provided by the company's owners. In short, this ratio shows how much of one's own capital is used as collateral for debt.

Ratio *Leverage* calculated using indicators *Debt Equity Ratio* (DER) (Setiowati, Salsabila, 2023). The Debt to Equity Ratio is a comparison between debt and capital in company funding that shows the company's ability to meet its obligations (Dahrani, 2021). When companies rely more on debt as a source of funding, they can benefit in the form of tax deductions. This happens because interest on debt can be deducted from taxable income. So that the company's tax burden becomes smaller, which can ultimately increase net profit. However, companies should be careful about using this strategy to balance the benefits of tax deductions with the financial risks that may arise from high levels of debt.

Based on leverage data on manufacturing companies in the healthcare subsector for the 2022–2024 period, there are differences in the level of debt use between companies that reflect the funding policies implemented. Leverage indicates the extent to which a company utilizes external funding sources in carrying out its operations, which can affect financial risks as well as the

company's ability to generate profits. Therefore, the following data is presented to provide an overview of the condition of leverage as one of the factors related to the level of profitability of the company.

Table 1.2 List of Manufacturing Companies in the Healthcare Subsector Experiencing Leverage Problems Listed on the Indonesia Stock Exchange for the 2022–2024 Period

No.	Company Name	Debt to Equity Ratio		
		2022	2023	2024
1.	Indofarma Tbk	-3,22	-1,95	-1,54
2.	Kimia Farma Tbk	1,72	2,48	3,37
3.	Pyridam Farma Tbk	3,27	4,59	0,50

(Source: www.idx.co.id/ Data Processed, 2026)

Based on Debt to Equity Ratio (DER) data on manufacturing companies in the healthcare subsector for the 2022–2024 period, there are several companies that show high levels of leverage and unstable capital structure conditions. Indofarma Tbk had a negative DER during the research period, which indicates negative equity and indicates serious problems in the company's financial structure. Meanwhile, Kimia Farma Tbk and Pyridam Farma Tbk showed high levels of leverage, reflecting the use of considerable debt in the company's operational funding.

In more detail, Indofarma Tbk recorded a negative DER of -3.22 in 2022, -1.95 in 2023, and -1.54 in 2024. This condition indicates that the company's total liabilities exceed its equity, thus reflecting an unhealthy capital structure and potentially causing high financial pressure. Kimia Farma Tbk showed an increase in DER to reach 3.37 in 2024, indicating an increase in dependence on funding through debt. Meanwhile, Pyridam Farma Tbk has a very high DER rate, which was 3.27 in 2022 and increased to 4.59 in 2023, which shows the high use of debt in the company's capital structure.

This difference in leverage levels between companies indicates that there are variations in funding policies and capital structures that can affect the level of financial risk of companies. High levels of leverage have the potential to increase interest expense and debt repayment obligations, which can have an impact on a company's ability to generate profits. Meanwhile, unhealthy leverage such as in negative equity conditions can worsen a company's overall financial performance.

This phenomenon shows that the management of capital structure is an important factor in determining the company's financial performance, especially in relation to profitability. Companies with suboptimal leverage levels have the potential to face higher financial risks, which can affect the stability of the profits generated. Therefore, this leverage phenomenon is interesting to be studied further to find out its effect on the company's profitability.

Some previous studies have shown different results regarding factors that affect profitability. Research conducted by Nasir (2021), Nainggolan et al. (2022), and Murthi et al. (2021) shows that leverage affects profitability. However, different results were found by Wulandari (2022) who stated that leverage has no effect on profitability. The difference in the results of the study shows that there is an inconsistency of findings (research gap) that requires further testing, especially in the context of manufacturing companies in the healthcare subsector that have different industry characteristics. Therefore, further research is needed to analyze the influence of working capital and leverage on profitability in order to obtain more comprehensive empirical evidence in the specified research period.

To see an overview of the company's performance in the healthcare subsector, industry ratios can be used. The industry ratio is the average financial

ratio of companies in the same sector so that it can be used as a comparison tool to assess the condition and performance of companies in the industry (Kasmir, 2019). The following are the industry ratios of healthcare manufacturing companies listed on the IDX for the 2022:2024 period:

Tabel 1.4 The industry ratios of healthcare manufacturing companies listed on the IDX for the 2022:2024 period

Industry Ratio			
Variable	**2022**	**2023**	**2024**
Liquidity	4,49	3,95	5,04
Leverage	0,42	0,97	1,04
Profitability (ROA)	8,83	6,18	7,47

This condition shows that the level of profitability of companies in the healthcare subsector fluctuates during the research period, so further research is needed on factors that affect profitability, especially working capital and leverage.

1.2 Problem Identification

Based on the background of the problems that have been described above and the financial phenomena of manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022–2024 period, the researcher identifies several existing problems as follows:

1. There have been fluctuations in profitability levels in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022-2024 period, where several companies such as Indofarma Tbk and Phapros Tbk showed negative Return on Asset (ROA) values and significant declines, indicating that the company's ability to generate profits has not been optimal.

2. The existence of suboptimal liquidity conditions in several companies, both in the form of liquidity that is too high such as Kimia Farma Tbk and Indofarma Tbk which indicates inefficiency in the use of current assets, and liquidity that is too low such as Phapros Tbk which shows limitations in fulfilling short-term obligations, so that it is suspected to affect the level of profitability of the company.
3. Unhealthy leverage levels and risk factors in some companies, such as Indofarma Tbk which has a negative Debt to Equity Ratio (DER) value and Kimia Farma Tbk and Pyridam Farma Tbk which show high DER levels, which indicates a high dependence on debt and has the potential to affect the stability and ability of companies to generate profits.

1.3 Problem Limitations

This research is focused on manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange. The research period is limited to three years, namely from 2022 to 2024. The data used in this study is secondary data obtained from the company's annual financial statements. The independent variables studied consisted of Liquidity measured using *the current ratio* and leverage, where leverage was measured using *the Debt on Equity Ratio*. The dependent variable in this study is profitability measured using Return on Assets (ROA). This study only discusses the effect of liquidity and leverage on profitability, and does not consider other factors outside of the research variables that can affect the company's profitability.

1.4 Problem Formulation

Based on the limitations and identification of problems, the research questions were formulated as follows:

1. Does Liquidity affect profitability in healthcare subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2024 period?
2. Does Leverage affect profitability in healthcare subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2024 period?
3. Does Liquidity and Leverage Affect Profitability in Healthcare Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2022-2024 period?

1.5 Research Objectives

The purpose of this study is to:

1. Analyzing and testing the influence of Liquidity on Profitability in healthcare subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2024 period.
2. Analyze and test the influence of leverage on Profitability in healthcare subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2024 period
3. Analyze and test the influence of Liquidity and Leverage on Profitability in healthcare subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2022-2024 period.

1.6 Research Benefits

This research is expected to provide the following benefits:

1. Theoretical Benefits, This research is expected to contribute to the development of theories in the field of management and financial accounting, especially related to company profitability. The results of this study can enrich theoretical studies on the relationship between Liquidity and Leverage to profitability, as well as a reference for future research that discusses the financial performance of manufacturing companies in the healthcare subsector.
2. Practical Benefits, This research is expected to provide benefits for the management of manufacturing companies in the healthcare subsector in understanding the condition of Liquidity and the level of Leverage of the company and its relationship with profitability. The results of this study are expected to be considered in managing liquidity and leverage more effectively in order to increase the company's Return on Assets (ROA). In addition, this research is also expected to provide useful information for investors in assessing financial performance and investment potential in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange.
3. Academic Benefits, This research is expected to contribute to the development of management accounting science, especially in understanding the relationship between Liquidity management and leverage on the Company's profitability level. In addition, this research is expected to be a reference for future research that examines aspects of management accounting using a quantitative approach based on public company data.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Foundations

2.1.1 Capital Structure Theory

Capital structure theory was first developed by Franco Modigliani and Merton Miller (1958). This theory explains that the capital structure is a combination of the use of debt and own capital in the financing of the company that can affect the company's value and financial performance, including profitability. Under perfect market conditions with no taxes, bankruptcy costs, and information asymmetry, Modigliani and Miller state that the capital structure does not affect the value of a company. However, in real conditions, the use of debt can provide benefits in the form of tax savings (tax shield) while causing financial risks.

The further development of capital structure theory shows that companies need to determine the optimal composition of debt and equity in order to maximize the company's value. The proper use of debt can increase profitability through additional sources of funding for operational and investment activities. However, if the use of debt is too high, it will increase the interest burden and risk of bankruptcy, which can ultimately reduce the company's profitability.

In the context of this study, leverage measured by the Debt to Equity Ratio (DER) is part of the capital structure that reflects the level of debt use in corporate financing. A high level of leverage indicates that companies are using debt more as a source of funding, which has the potential to increase financial risk.

Meanwhile, liquidity reflects a company's ability to meet its short-term obligations and is an important indicator in maintaining the company's financial stability.

Based on the theory of capital structure, the company's decision to manage funding sources, either through debt or its own capital, will affect the company's financial performance, especially profitability. An imoptimal capital structure can lead to increased financial risks and a decrease in the company's ability to generate profits. Therefore, this theory is the main foundation in research that examines the influence of leverage and liquidity on profitability.

2.1.2 Pecking Order Theory

Pecking order theory in the analysis of capital structure was developed by Stewart Myers and Nicolas Majluf (1984). This theory explains that companies have a sequence of preferences in determining funding sources to finance their operational activities and investments. The main source of funding that is prioritized is internal funding derived from net profit after taxes that are not distributed to shareholders or retained profits. The retained earnings are then reused to finance the company's investment projects that are considered profitable.

If internal funding is insufficient to finance investment needs, the company will switch to external funding, with the order of preference starting from debt and ending with the issuance of equity. The Pecking Order theory emerged as one of the capital structure theories that explains the company's financing behavior, especially in the condition that there is information asymmetry between management and external parties.

Information asymmetry causes internal funding to be the main choice

because it has the lowest information cost. When internal funds are insufficient, companies will choose debt as an alternative to external funding because it is considered cheaper and does not cause ownership dilution compared to the issuance of shares. External equities are the last option because they have the highest information asymmetry costs and have the potential to give negative signals to the market.

In relation to capital structure, the Pecking Order theory also predicts a negative relationship between profitability and leverage levels. Companies that have high profit rates tend to use internal funds to finance their investments, so the debt ratio is relatively low. On the other hand, companies with low profit rates will rely more on external funding in the form of debt.

Based on this description, the Pecking Order Theory provides a strong conceptual foundation in explaining the company's funding decisions. In the context of this study, liquidity reflects a company's ability to provide internal funds to meet short-term liabilities, while leverage indicates the level of dependence of the company on external funding in the form of debt. Companies with good liquidity and high profitability tend to use internal funds, so the level of leverage is lower. In contrast, companies with limited internal funds will rely more on debt, which has the potential to increase financial risk and suppress profitability.

Thus, the Pecking Order Theory is relevant in explaining the relationship between liquidity, leverage, and profitability, as well as providing a theoretical basis for analyzing how a company's funding decisions affect financial performance.

2.1.3 Profitability

a. Definition of Profitability

Profitability is a ratio that shows a company's ability to earn profits (profits) in a certain period. The profitability of a company will affect investors' policies on the investments made. The company's ability to generate profits will be able to attract investors to invest their funds to expand their business, as opposed to a low level of profitability that will cause investors to withdraw their funds (Edi, 2019).

From the perspective of management accounting, profitability is not only seen as the end result in profit, but also as a reflection of the company's internal performance. Profitability information is used by management to evaluate the efficiency of resource use, assess the success of operational strategies, and identify areas that need improvement to improve the company's performance in the future. Profitability will provide the final answer about the effectiveness of the company's managers and provide an overview of the effectiveness of the company's management. The company's financial profitability is certainly a company's performance when reviewed from the company's financial condition (Fitriani, 2018). Information about the level of profitability is an important basis for management in evaluating performance. The data is used to assess the successful implementation of operational strategies, measure cost efficiency, and evaluate the productivity of the company's resource use. In addition, profitability analysis helps management in identifying weaknesses and opportunities for improvement in operational processes, so that it can be used as a consideration in efforts to improve the company's performance and sustainability in the next

period. The dimensions or indicators of profitability are Net Profit Margin, Gross Profit Margin, Return on Asset (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) (Pinasti, 2018).

b. Profitability Objectives

Profitability is a measure of financial performance that shows a company's ability to generate profits through effective and efficient management of resources. Profitability is an important indicator in assessing the success of a company because it reflects the ability of management to utilize assets, capital, and operational activities to create economic value for the company. According to (Kasmir, 2021), the profitability ratio is used to assess the company's ability to generate profits and evaluate the effectiveness of management in managing its assets and capital. Thus, a high level of profitability indicates that the company is able to run its operations optimally and has good financial performance.

Profitability is also one of the main factors that are considered by various stakeholders. For management, profitability is used as an evaluation tool to measure the success of business strategies that have been implemented as well as as as a basis for decision-making related to investment, financing, and operational policies. For investors, profitability reflects the expected rate of return on investment, while for creditors, profitability is an indicator of a company's ability to meet its financial obligations. Therefore, profitability analysis has an important role in assessing the financial health and future prospects of the company.

The main objectives of profitability measurement include financial performance assessment, operational efficiency evaluation, as well as as a basis

for consideration for investors and creditors in investment decision-making and credit. In addition, profitability also serves as a tool to predict the sustainability of the business and the future growth of the company (Brigham & Houston, 2019). Companies with stable and increasing levels of profitability tend to have stronger competitiveness and the ability to survive in dynamic economic conditions.

In financial accounting research, profitability is generally measured using various financial ratios, such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM). In this study, profitability was proxied using Return on Assets (ROA). ROA is used because it is able to describe a company's ability to generate profits by utilizing all assets it owns. The higher the ROA value indicates the more effective the company is in managing its assets to earn profits. According to Horne and Wachowicz (2012), Return on Assets (ROA) is a ratio used to measure the company's overall effectiveness in generating profits through its assets. In addition, Kasmir (2019) stated that ROA shows the company's ability to generate profits by using the total assets owned by the company. While there are various ratios that can be used to measure profitability such as Return on Equity (ROE), Net Profit Margin (NPM), and Earnings Per Share (EPS), each ratio has a different focus on measurement. ROE measures a company's ability to generate profits from shareholder capital, NPM measures a company's ability to generate profits from sales, while EPS shows earnings earned per share that are more related to investors' interests in the capital market. Therefore, in this study, ROA is used because this ratio is able to describe the company's ability to generate profits from all assets owned. This is

also more relevant to the research variables, namely working capital and leverage related to the use of company assets. According to Brigham and Houston (2019), ROA shows a company's ability to generate net profit from the overall assets used in the company's operational activities. Thus, ROA was chosen in this study because it is the most relevant to the research variables, able to reflect the efficiency of the company's asset use, and is the profitability ratio most often used in corporate financial research.

c. Factors affecting Profitability

A company's profitability is influenced by various factors related to the management of the company's operational and financial activities. These factors reflect the management's ability to manage resources effectively and efficiently so that they are able to generate optimal profits. Factors that affect a company's profitability include leverage, liquidity, company size, working capital, and company efficiency (Putri, D. M. A., & Sari, 2022).

1. Leverage, the use of assets and sources of funds by companies that have fixed costs (fixed expenses) with the intention of increasing the profits of potential shareholders. A level of the company's ability to use assets and funds that have fixed expenses (debt and/or special shares) in order to realize the company's goal of maximizing the wealth of the company owner with a proxy Debt to Equity Ratio can be called leverage.
2. Liquidity, the ability of a company to meet its short-term financial obligations on time by using its current assets. Liquidity reflects the company's financial condition in the short term and shows the level of security of the company in carrying out its operational activities. A good level of liquidity indicates that

the company has sufficient sources of funds to finance operational activities and meet current obligations, so as to support business continuity and stability of the company's performance.

3. The size of the company, determines the size of the company, such as average sales, total revenue from sales and total assets. Companies that are large in size usually have stable cash flows. Therefore, companies with a large size will have a lower level of risk and have easier access to debt (Putri, D. M. A., & Sari, 2022).
4. Working capital, the main ratio for a company because the company needs capital in order to fund daily activities, such as buying supplies for production, paying labor salaries, and others. According to Farhan et al., (2020) working capital has a positive effect on profitability and when a company has a high working capital turnover rate, it can increase the company's ability to generate profits.
5. Efficiency, an important part of running a business because it determines the proper use of a company's resources and affects the profitability of the company. Farhan et al., (2020) found that efficiency has a positive impact on ROE and EPS. The positive impact between efficiency and profitability leads to increased profitability, in other words, if management can utilize resources efficiently, it will lead to increased profitability.

2.1.4 Liquidity

a. Definition of Liquidity

Liquidity is the ability of a company to meet its obligations or pay its short-term debt (Prabowo & Sutanto, 2019). Liquidity is a ratio used to measure

a company's ability to meet its short-term obligations at maturity, either by using current assets or other sources of funds (Kasmir, 2021).

Liquidity is needed by companies as a guarantee of fulfilling their short-term obligations. Effective and efficient management of current assets is very important for companies, in order to maintain their liquidity, which plays a very important role in determining how much the company's working capital will change to achieve the company's expected profits (Debbianita, 2012). Liquidity is needed by companies as a guarantee of fulfilling their short-term obligations. Effective and efficient management of current assets is very important for companies, in order to maintain their liquidity, which plays a major role in determining how much the company will use to achieve the Company's expected profits (Aurorita et al., 2023).

The liquidity ratio is often called the working capital ratio because this ratio is used to measure the amount and bottom of a company's liquidity. The lower the current ratio obtained, the less capital is used to pay off the debt. If the higher the current ratio obtained, it is not necessarily said that the company is good, because a high current ratio can occur when cash and inventory management is less effective (Paramitha & Idayati, 2020). According to Kasmir (2017:134), the types of liquidity ratios used by companies to measure their capabilities are as follows: (1) Current Ratio; (2) Quick Ratio or Acid Test Ratio; (3) Cash Ratio; (4) Cash Turnover Ratio; and (5) Inventory to Net Working Capital.

b. Types of Liquidity

The liquidity ratio or often also called the working capital ratio is a ratio that is often used to measure how liquid a company is. The trick is to compare all the components in the current asset with the components in the current passive. Types of liquidity:

a. Current Ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately at the time of total billing. In other words, how much current assets are available to cover short-term obligations that are due soon. A high current ratio provides a good indication of collateral for short-term creditors in the sense that at any time the company has the ability to pay off its short-term financial obligations. However, a high current ratio will have a negative effect on the ability to make a profit (profitability), because some working capital does not rotate or experience unemployment.

b. Quick Ratio

   The current ratio calculates all current assets, while this quick ratio removes the inventory element in the current asset. To find the quick ratio, it is measured from the total current assets, then subtracted by the value of the inventory. Sometimes companies also include prepaid fees if they do exist and compare them to all current debt. Inventory is the least liquid current asset, and in the event of liquidation, inventory is the asset that most often suffers losses. Therefore, measuring the company's ability to meet short-term obligations without relying on inventory is important (Firnanda & Oetomo, 2016).

c. Cash Ratio

A cash ratio is a tool used to measure how much cash is available to pay debts. The availability of cash can be indicated from the availability of cash or cash equivalents such as checking accounts or savings in banks. It can be said that this ratio shows the real ability for the company to pay its short-term debts.

This study uses the current ratio as a liquidity proxy because this ratio is the most commonly used measure to assess a company's ability to meet its short-term obligations. The current ratio compares current assets with current liabilities, so that it can provide a comprehensive picture of the company's liquidity level.

According to Kasmir (2010), the current ratio is a ratio used to measure a company's ability to pay short-term obligations that are due soon by using all current assets owned. This ratio is considered more representative because it includes all components of current assets, such as cash, receivables, and inventory.

In addition, the use of the current ratio in this study is based on its ability to provide comprehensive information about the company's liquidity condition. Compared to other liquidity ratios such as quick ratios and cash ratios, the current ratio is more often used in research because it is easier to obtain from financial statements and is able to describe liquidity conditions in general.

In the context of this study, the current ratio is used to measure the extent to which a company is able to meet its short-term obligations, which is further suspected to affect the company's profitability. Liquidity levels that are too high or too low can affect the efficiency of asset use and ultimately impact a company's ability to generate profits.

c. Factors affecting Liquidity

Liquidity is the ability of a company to meet its obligations or pay its short-term debt (Prabowo & Sutanto, 2019). Liquidity is a ratio used to measure a company's ability to meet its short-term obligations at maturity, either by using current assets or other sources of funds (Kasmir, 2021). According to Kim et al. (1998), there are several factors that can affect the level of liquidity of a company. These factors include external funding costs, cash flow uncertainty, investment opportunities, and liquidity needs for transactions.

1. The first factor is the cost of external financing, which is the cost incurred when the company obtains funds from outside. Companies that are large in size generally face lower funding costs than small companies, because they have better economies of scale and wider access to capital markets. In addition, companies with high levels of information asymmetry are likely to face greater external funding costs
2. The second factor is cash flow uncertainty. Companies facing high cash flow uncertainty tend to hold more liquid assets in anticipation of future funding needs. This is done to maintain the continuity of the company's operations.
3. The third factor is current and future investment opportunities. Companies with high investment opportunities need to consider the optimal allocation of funds, whether to use them for long-term investments or to be held in liquid assets to maintain financial flexibility.
4. The fourth factor is the need for liquidity (transactions demand for liquidity), which is the need for cash used to support daily operational activities. The

greater the need for transactions, the greater the need for the company to maintain a certain level of liquidity.

In general, liquidity describes a company's ability to meet its short-term obligations. A company is said to be liquid if it is able to pay short-term debt on time, while a company that is unable to meet its obligations is called illikuid. This ability is highly dependent on the company's ability to generate cash or convert non-cash assets into cash.

In addition, the valuation of liquidity is not only seen at one point in time, but also over a specific period, usually within a company's operating cycle. The operating cycle includes the entire range of activities from purchasing, production, sales, to receivables collection. Therefore, liquidity analysis is often associated with the operating cycle to provide a more comprehensive picture of a company's financial condition.

2.1.5 Leverage

a. Definition of Leverage

Leverage is a ratio used to measure how able a company is able to pay the obligations or debts used, whether it is in the form of long-term or short-term debts if the company has to be liquidated later (Dewi et al., 2019). The dimensions or indicators of leverage are the Debt ratio, the Times interest earned ratio, and the Long-term to equity ratio (Koming & Praditasari, 2017). Leverage is a description of the use of debt by a company to finance the company's operations. Leverage is a ratio that calculates how far funds are provided by creditors, as well as a ratio that compares total debt to the total assets of a

company, so if an investor sees a company with high assets and leverage, they will think twice about investing in that company.

b. Types of Leverage

Leverage describes the extent to which a company leverages debt to support its operational activities. Leverage consists of two types, namely financial leverage related to the use of debt-based funding sources, and operating leverage related to the company's operational cost structure (Dianova & Ws, 2024).

1. *Financial leverage*

   Financial leverage occurs when a company leverages borrowed funds or preferred stock to gain additional profits. It involves using debt or equity that has fixed liabilities, in the hopes of increasing the company's profitability. *Financial leverage* provides an opportunity for the company to achieve higher investment returns compared to the cost of capital incurred (Dianova & Ws, 2024).

2. Operational leverage

   Operational leverage arises when a company applies fixed costs in its production process, where the amount of those costs does not change even though production volumes vary. Companies with a high level of operational leverage are characterized by significant fixed costs.

c. Leverage Indicator

Leverage is a financial ratio used to measure the extent to which a company utilizes debt in its funding structure, which can ultimately affect the company's profitability. According to Putri Utami (2019), the dimension of

leverage can be measured through several indicators such as Debt to Equity Ratio (DER), Debt Ratio, and Times Interest Earned Ratio. The Debt to Equity Ratio (DER) shows a comparison between total debt and total equity of a company, so it can describe the level of financial risk and funding strategy used by the company. Optimal use of debt can increase profitability through the leverage effect, as companies can leverage loan funds to increase operational activities and generate greater profits. However, debt levels that are too high also have the potential to reduce profitability due to increased interest costs and financial risks. Therefore, in this study, the leverage indicator used is the Debt to Equity Ratio (DER) because this ratio is able to show the relationship between the capital structure and the company's ability to generate profits.

The formula for Debt to Equity Ratio (DER) is as follows:

$$\text{DER} = \frac{\text{Total Utang}}{\text{Total Ekuitas}}$$

In the Debt to Equity Ratio (DER) formula, total debt is all the company's obligations that must be paid to external parties, both in the short and long term. Total debt includes current debt such as business debt, short-term bank debt, and other current liabilities, as well as long-term debt such as long-term bank loans, bonds, or other financial obligations. Meanwhile, total equity is the capital derived from the company's owners which reflects the residual rights to the company's assets after deducting all liabilities. Total equity consists of paid-up capital, retained earnings, and other equity components. The comparison between total debt and total equity is used to show how much of a company's funding comes from creditors compared to capital owners.

The supporting theories of the research results can be seen in the following

table:

Table 2.1 Previous Research

Researcher	Title	Research Results
(Anggraini, 2021)	The Effect of Working Capital, Liquidity, Leverage, and Activities on Company Profitability (Study on Food and Beverage Companies Listed on the Indonesia Stock Exchange)	(1) Working capital has a negative impact on profitability in the food and beverage sector for the period 2015-2018. (2) Liquidity has a significant negative effect on profitability in the food and beverage sector for the period 2015-2018. (3) Leverage has a significant negative effect on profitability in the food and beverage sector for the period 2015-2018. (4) Activities that have a negative significance on profitability in the food and beverage sector for the period 2015-2018.
(Viranty, 2019)	The Influence of Working Capital, Leverage, Liquidity on the Profitability of Textile and Garment Companies	1) Working Capital as measured by working capital turnover shows that the results obtained have a positive effect that is not significant on profitability. 2) Leverage measured by the Debt to Equity Ratio (DER) which shows that the results obtained have a significant positive effect on profitability. 3) Liquidity which is accompanied by a current ratio or Current Ratio (CR) which shows that the results obtained have a significant positive effect on profitability
(Tirtanata & Yanti, 2021)	The Effect of Company Size, Working Capital Turnover and Leverage on Profitability in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2017-2019 Period	Company size affects profitability. Leverage affects profitability. Working Capital Turnover and Leverage have a simultaneous effect on profitability
(Rosiyani, T. N. J., & Anwar, 2022)	The Influence of Working Capital, Liquidity, Leverage, and Company Size on Profitability in Large Trade Sub-Sectors Listed on the IDX 2017-2020	Leverage and company size have a significant positive effect, so that investors and potential investors can consider, pay attention to and analyze the value of leverage and the size of a company's company in making investment decisions. Working capital and liquidity show different and inconsistent results that working capital and liquidity do not affect the profitability of trading firms.

(Putra, Arafat, & Mursalin, 2021)	The Effect of Working Capital and Leverage on Profitability in Plantation Sub-Sector Companies (Plantations listed on the IDX)	1. Working capital partially has a positive and significant effect on profitability in plantation sector companies on the Indonesia Stock Exchange for the 2016-2020 period. 2. Leverage partially has a positive and significant effect on profitability in plantation sector companies on the Indonesia Stock Exchange for the 2016-2020 period 3. Working capital and leverage simultaneously have a positive and significant effect on profitability in plantation sector companies on the Indonesia Stock Exchange for the 2016-2020 period.

2.2. Conceptual Framework

Conceptual framework is an overview of the relationship between concepts or variables used in research to provide direction and limitations in the research process. The conceptual framework explains the relationship between the variables being studied and becomes the basis for formulating a research hypothesis. According to Sugiyono (2018), a conceptual framework is a model that describes the relationship between independent variables and bound variables that are built on theory and previous research.

The conceptual framework in this study describes the relationship between Liquidity and leverage on the profitability of the company. Profitability refers to a company's ability to generate profits through effective resource management. From the perspective of capital structure theory, the management of a company's funds, including current assets, is an important part of maintaining financial balance. Optimal liquidity indicates that the company is able to manage its sources of funds efficiently, so that it can support the achievement of profitability. However, liquidity that is too high can indicate that funds are not being used

productively. Thus, liquidity is an important factor that is thought to affect a company's profitability, while pecking order theory explains that companies have a preference in the use of funding sources, where the use of leverage through debt can help increase profitability if used optimally, but can also increase financial risk if it is too high. Simultaneously, efficient management of working capital and proper leverage structure can support increased profitability of the company. Therefore, this study analyzes the influence of working capital and leverage on profitability both partially and simultaneously.

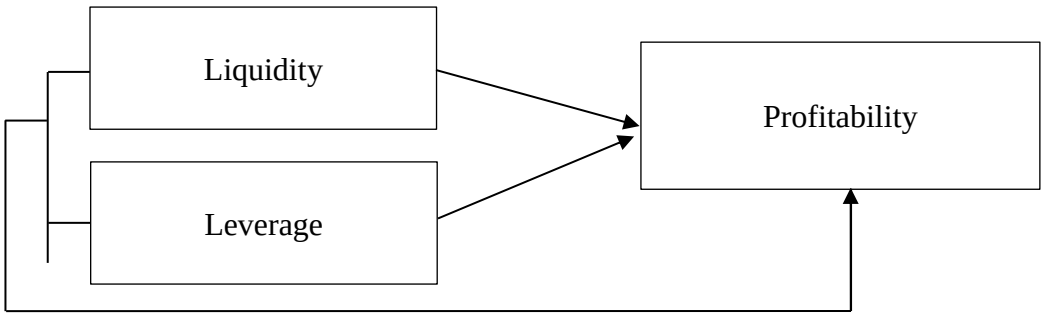

Figure 2 1 Conceptual Framework

2.3. Hypothesis

Hypothesis is a temporary answer to the formulation of a research problem, where the truth still has to be proven empirically through data collection (Sugiyono, 2019). A hypothesis is a temporary answer or conjecture to the formulation of a research problem that needs to be tested for its truth through data and facts, serving as a guide in scientific research to explain the relationship between variables or phenomena observed before being empirically proven. The hypothesis of this research is:

1. Liquidity affects profitability in manufacturing companies in the

healthcare subsector listed on the Indonesia Stock Exchange for the 2022-2024 period.

2. Leverage affects profitability in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022-2024 period.
3. Liquidity and Leverage affect profitability in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022-2024 period.

CHAPTER III

RESEARCH METHODS

3.1 Types of Research

The types of research used are quantitative and associative. According to Irfan, Manurung & Hani, (2024), quantitative research is a research method that relies on numerical measurement and statistical analysis, with a more structured approach and a relatively short research time compared to qualitative research. Meanwhile, associative research is a study that aims to determine the influence between the independent variable (X) on the bound variable (Y) and how closely the influence or relationship is. This study aims to look at the Effect of Liquidity on Profitability in Healthcare Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange.

3.2 Research Location and Time

3.2.1 Research Location

This research was conducted in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange in 2022-2024 through the www.idx.co.id website

3.2.2 Research Time

This research was conducted from November 2025 – May 2026. The following is a description of the research schedule plan:

Table 3.1 Research Schedule Plan

No	Types of Activities	2025		2026					
		Nov	From	Jan	Stuart O'T	Mar	Apr	May	June
1	Title Submission								
2	Thesis Making								
3	Thesis Guidance								
4	Seminar Thesis								
5	Refinement								
6	Data Collection and Processing								
7	Thesis Preparation								
8	Guidance								
9	Green Table Session								

3.3 Population and Sample

According to Irfan, Manurung & Hani (2024), population is the totality of all elements that exist in a research area with certain characteristics. So the population is not only people, but also objects and other natural objects. Population is also not just the number of objects or subjects studied, but includes all the characteristics or traits possessed by that subject or object. The population in this study is all companies that are included in the category of manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange during the 2022-2024 period as many as 10 companies.

The sample is part of the population used for the study. According to Sugiyono (2012), samples are part of the number and characteristics possessed by the population. The technique used in determining the sample in this study is the saturated sampling technique. This technique is also known as census. According to Sugiyono (2012), the saturated sampling technique is a sample determination technique when all members of the population are used as samples. So, this study determined the entire population of 7 companies.

3.4 Operational Definition

Table 3.2 Variable Operationalization

Variable	Definition	Variable Indicators	Scale
Liquidity (X_1)	Liquidity is a ratio used to measure a company's ability to meet its short-term obligations at maturity, either by using current assets or other sources of funds (Kasmir, 2021).	Current Ratio	Ratio
Leverage (X_2)	Leverage is a ratio used to measure how able a company is able to pay the obligations or debts used, whether it is in the form of long-term or short-term debts if the company has to be liquidated later (Dewi et al., 2019).	$\text{DER} = \frac{\text{Total Utang}}{\text{Total Ekuitas}}$	Ratio
Profitability	Profitability is a ratio that shows a company's ability to earn profits (profits) in a certain period. The profitability of a company will affect investors' policies on the investments made. The company's ability to generate profits will be able to attract investors to invest their funds to expand their operations, but a low level of profitability will cause investors to withdraw their funds (Edi, 2019).	ROA = ((Net profit after tax / Total assets)	*Ratio*

3.5 Data collection techniques

In this study, the researcher used documentation techniques sourced from secondary data. According to Irfan, Manurung & Hani (2024), secondary data is data that has been available for researchers to cite, for the purposes of their research, and this data is obtained by researchers indirectly through intermediaries (obtained and recorded by other parties). Data was collected by documenting the financial statements of manufacturing companies in the healthcare subsector listed

on the Indonesia Stock Exchange.

3.6 Data Analysis Techniques

This data analysis technique is the answer to a problem formulation that will examine whether the free variable has an effect on the bound variable, namely profitability. Data analysis was carried out using SPSS software version 31. The following are the data analysis techniques used to answer the formulation of the problem in the research.

1. **Descriptive Statistics**

   Descriptive statistics is a technique used to analyze data by describing or describing the data that has been collected without the intention of making conclusions that apply to generalities or generalizations (Sugiyono, 2012). In descriptive statistics, it can also be done to find the strong relationship between variables through prediction with regression analysis and make comparisons by comparing the average of sample or population data.

2. **Classic Assumption Test**

   The classical assumption test aims to see if the regression model used in the study is the best model.if the model is a good model, then the results of the regression analysis are suitable as recommendations for knowledge or for practical problem solving purposes. (Juliandi, 2015).

The requirements for regression testing include normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests.

a. Normality Test

Normality testing of the data is performed to see whether in the regression model, its dependent and independent variables have a normal distribution or

not. If the data is spread around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumption of normality, so the data in the research regression model tends to be normal. But if the data spreads far from the diagonal line and or does not follow the direction of the diagonal line, then the regression model does not meet the assumption of normality.

b. Multicollinearity Test

The Multicollinearity test aims to test whether there is a strong correlation between independent (free) variables in the regression model. A good model should not have a high correlation between independent variables. According to Triton, (2006:163) The multicollinearity test is carried out using the Tolerance Value or Variance Inflantion Factor (VIF) value test, with the following conditions:

1. If the tolerance value < 0.1 or the value inflation factor (VIF) > 5, then there is a serious multicollinearity problem.
2. If the tolerance value is > 0.1 or the value inflation factor (VIF) is < 5, then there is no serious multicollinearity.

c. Heterokedasticity Test

The heterokedasticity test aims to test whether in the regression model there is an unevenness of variance from the residual of another observation. If the variation

The residual of one observation to another is fixed, it is called homogeneity, and if the variance is different it is called heteroscedasticity. The information method in heterokedasticity testing is the scatterplot method.

According to Ghozali (2016:139), the basis of analysis to determine the existence or absence of heterokedasticity is as follows:

1. If there is a certain pattern, such as the dots that exist forming a certain irregular pattern (wavy, widening and then narrowing) then it indicates that heterokedasticity has occurred.
2. If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then there is no heteroscedastic.

d. Autocorrelation Test

The autocorrelation test aims to test whether in a linear regression model there is a correlation between the interference error in period t and the period error 1 (previously). A good regression model is one that is free of autocorrelation. To detect autocorrelation, it can be seen through the Durbin-Watson value (Ghozali, 2016).

The criteria for Durbin Watson are as follows:

a. If the value of D-W is below -2, it means that there is a positive autocorrelation.
b. If the value of D-W is between -2 and +2, there is no autocorrelation.
c. If the value of D-W is above +2, there is a negative autocorrelation.

3. Multiple Linear Regression

Multiple linear regression analysis was performed to determine the influence of free variables on bound variables. In this study, multiple regression was used to determine the causal relationship between the independent variable / X1. Working Capital against Bound Assets (ROA), Free Variable / X2 Leverage against Bound / Return On Assets (ROA). According to Sugiyono (2010, p. 192)

the regression model can be written as follows:

$$Y = a + \beta 1\ X1 + \beta\ 2\ X2 + \varepsilon$$

Description :

Y = Dependent Variable (Return On Assets (ROA))

a = Constant

β 1 , β 2 = Regression Coefficients

X1 = Independent Variable (Working Capital)

X2 = Independent Variable (Leverage)

ε = Standard error (disruptive variable)

4. Hypothesis Testing

According to (Juliandi, 2015) a hypothesis is a conjecture or temporary answer to the question that exists in the formulation of a research problem. So it can be concluded that the hypothesis obtained by predicting previous research as a reference in proving the hypothesis test is useful to find out whether partially or simultaneously having a relationship between X1 and X2 affects Y, there are two types of coefficients that can be done, namely with the t test and the f test.

a. Partial Significance Test (Statistical Test t)

The t-test is carried out to determine whether or not there is an influence of each independent variable individually on the dependent variable that is tested at a significance level of 0.05 (Ghozali, 2016) The hypothesis for the t-test is as follows:

1. If the probability value ≥ 0.05, then H0 is accepted or Ha is rejected, meaning that the independent variable has no individual influence on the dependent variable.

2. If the probability value ≤ 0.05, then H0 is rejected or Ha is accepted, meaning that the independent variable has an individual influence on the dependent variable.

b. F Test (Simultaneous)

The F test was used to determine the influence of all independent variables included in the linear regression model together on the dependent variables tested at a significant level of 0.05 (Ghozali, 2016). The hypothesis for the F test is as follows:

1. If the probability value ≥ 0.05 then H0 is accepted or Ha is rejected, meaning that all independent variables have no influence on the dependent variables together.
2. If the probability value ≤ 0.05, H0 is rejected or Ha is accepted, meaning that all independent variables have a joint influence on the dependent variable.

c. Cohesive Detirmination

The Coefficient of Determination (R2) essentially measures how far a model is able to explain variations in dependent variables. The value of the coefficient of determination is between 0 (zero) and 1 (one). The small value of R2 means that the ability of independent variables to explain the variation of dependent variables is very limited. If the value of R2 is close to 1, it means that the Independent provides almost all the information needed to predict the variation of dependent variables (Ghozali, 2016).

CHAPTER IV

RESEARCH FINDINGS

4.1 Data Description

The object of this study is manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. The data used in this study was obtained from the annual financial statements published through the official website of the Indonesia Stock Exchange (IDX) and the official website of each company. From the report, the company's financial condition can be analyzed systematically, especially related to liquidity, leverage, and profitability.

This research uses financial statement data of manufacturing companies in the healthcare subsector for the period from 2022 to 2024. The company in this subsector is engaged in the production and distribution of health products such as medicines, supplements, and medical devices. The healthcare subsector has an important role in supporting the national health sector and economic growth, especially in meeting people's needs for health products

The data used in this study include Liquidity, leverage, and profitability. The following is data on working capital, leverage, and profitability in manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange in 2022–2024

Table 4.1 Liquidity Data Healthcare Subsector Manufacturing Companies Listed on the IDX in 2022–2024

No.	Company Name	Liquidity		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	3 ,00	2 ,86	2 ,69
2.	Indofarma Tbk	9 ,10	2 ,60	8 ,90
3.	Kimia Farma Tbk	14,12	12 ,56	13 ,48
4.	Kalbe Farma Tbk	3 ,77	2 ,90	4 ,10
5.	Merck Tbk	3 ,33	5 ,74	6 ,52
6.	Pyridam Farma Tbk	1 ,81	1 ,92	1 ,28
7.	Tempo Scan Pacific Tbk	2 ,48	2 ,69	3 ,08
8.	Organon Pharma Indonesia Tbk	3 ,08	2 ,11	2 ,34
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	4 ,10	4 ,50	5 ,40
10.	Phapros Tbk	0,14	1,61	2,64

Table 4.2 Leverage Data of Manufacturing Companies in the Healthcare Subsector Listed on the IDX in 2022–2024

No.	Company Name	Leverage		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	0,43	0,45	0,49
2.	Indofarma Tbk	-3,22	-1,95	-1,54
3.	Kimia Farma Tbk	1,72	2,48	3,37
4.	Kalbe Farma Tbk	0,23	0,17	0,20
5.	Merck Tbk	0,37	0,19	2,44
6.	Pyridam Farma Tbk	3,27	4,59	0,50
7.	Tempo Scan Pacific Tbk	0,40	0,36	0,38
8.	Organon Pharma Indonesia Tbk	0,69	1,71	0,16
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	0,15	0,13	1,71
10.	Phapros Tbk	0,14	1,61	2,64

Table 4.3 Profitability Data of Manufacturing Companies in the Healthcare Subsector Listed on the IDX in 2022–2024

No.	Company Name	Profitability		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	6,40	6,17	6,13
2.	Indofarma Tbk	17,89	-8,89	-10,11
3.	Kimia Farma Tbk	12,64	11,36	27,00
4.	Kalbe Farma Tbk	11,70	9,30	10,00
5.	Merck Tbk	16,33	17,61	16,04
6.	Pyridam Farma Tbk	1,09	5,58	5,68
7.	Tempo Scan Pacific Tbk	5,84	10,41	11,59
8.	Organon Pharma Indonesia Tbk	12,84	4,21	3,41
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	5,10	6,40	7,70
10.	Phapros Tbk	-1,50	-0,40	-2,73

(Source: www.idx.co.id Data Processed, 2026)

Based on data from manufacturing companies in the healthcare subsector listed on the Indonesia Stock Exchange for the 2022–2024 period, the liquidity level shows fluctuations in each company. Some companies such as Kimia Farma Tbk and Indofarma Tbk have high levels of liquidity, which indicates a good ability to meet short-term obligations, but also has the potential to show inefficiencies in the use of current assets. On the other hand, Phapros Tbk showed a low level of liquidity, which reflects the potential for difficulties in meeting short-term obligations. This condition shows that there are differences in liquidity management that can affect the company's financial performance.

In terms of leverage, there are variations in the level of debt use in each company. Indofarma Tbk shows unhealthy leverage conditions with negative values, which indicates problems in the company's capital structure. Pyridam Farma Tbk and Kimia Farma Tbk have high levels of leverage, which reflects their high dependence on debt financing.

Meanwhile, profitability also shows significant differences. Sido Muncul Tbk and Merck Tbk have high and stable profitability, while Indofarma Tbk has experienced negative profitability in several periods, indicating pressure on financial performance.

Overall, companies with suboptimal leverage tend to experience pressure on profitability. This condition shows the importance of effective management of capital structures in improving the company's financial performance. Therefore, in this study, descriptive statistical analysis is used to describe the condition of the data studied.

4.2 Data Analysis

4.2.1 Descriptive Statistics

Descriptive statistical analysis is statistics used in analyzing data by describing or describing the data that has been collected. This analysis aims to provide an overview or description of data in variables seen from the mean values (mean), minimum, maximum and standard deviation. The results of the descriptive statistical analysis research can be seen in table 4.5 below:

Table 4.4 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas	30	.95	14.12	4.4567	3.63314
Leverage	30	-3.22	4.59	.8090	1.58294
Profitabilitas	30	-10.11	27.00	7.4930	7.83569
Valid N (listwise)	30				

Based on the table above, it shows that the sample (N) in this study is 30 data. Liquidity has a minimum value of 0.95, a maximum value of 14.12 and a mean value of 4.4567. The leverage has a minimum value of -3.22, a maximum value of 4.59 and a mean value of 0.8090. Profitability has a minimum value of -

10.11, a maximum value of 27.00 and a mean value of 7.4930.

4.2.2 Classical Assumption Test

The classical assumption test is a statistical requirement that must be met in multiple regression analysis. The classical assumption test is used as a condition in using the regression model so that the regression results obtained are accurate estimates.

a. Normality Test

The normality test aims to find out whether in the regression model, the dependent variable and the independent variable have a normal distribution or not. A good regression model is to have a normal or near-normal distribution of data.

The normality of the data used in this study is the P-P Normal Test, Plot of Regression, Standardized Residual and Shapiro-Wilk. Normal test P-P Plot of Regression Standardized Residual.

1. If the data (dots) are spread around the diagonal line and follow the direction of the diagonal line, then the regression model meets the assumption of normality.
2. If the data (dots) spread far from the diagonal line and do not follow the direction of the diagonal line, then the regression model does not meet the assumption of normality.

Shapiro Wilk Test

1. If the significance value (Sig.) > 0.05, then the data is distributed normally so that it meets the assumption of normality.
2. If the significance value (Sig.) < 0.05, then the data is not normally distributed so it does not meet the assumption of normality.

The following are the results of the research from the normality test that has been processed into the SPSS version 31 test, which is as follows:

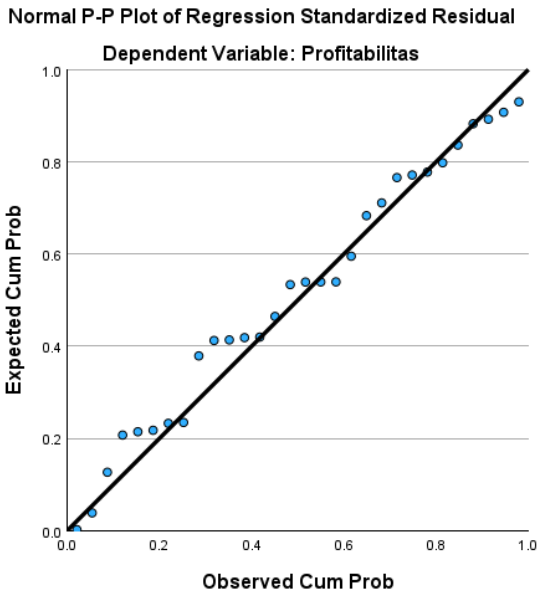

Figure 4.1Normality Test

Based on the Normal P-P Plot of Regression Standardized Residual graph, it can be seen that the data points are spread around the diagonal line and follow the direction of the line. This indicates that the residual distribution is close to the normal distribution.

Thus, it can be concluded that the regression model in this study has met the assumption of normality based on a graph approach.

The normality test is one of the classic assumption tests that aims to find out whether the data in the regression model is normally distributed or not. In regression analysis, the assumption of normality that must be met is the normal distribution on the residual (error), not on each study variable. This is because residuals reflect the difference between the actual value and the predicted value in the regression model.

According to Imam Ghozali (2018), the normality test aims to test whether in the regression model the disruptive or residual variables have a normal distribution. A good regression model is one that has a normal or near-normal residual distribution.

One method that can be used to test normality is the Kolmogorov-Smirnov (K-S) test. In this test, the basis for decision-making is to look at significance values. If the significance value is greater than 0.05, then the residual data is normally distributed. Conversely, if the significance value is less than 0.05, then the data is not normally distributed.

In addition, normality tests can also be performed using the Shapiro-Wilk test, especially for small sample counts. However, in the context of regression analysis, what is more important is to ensure that the residual model has met the assumption of normality.

Tabel 4.5 Test of Normality

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.109	30	.200*	.943	30	.113

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

a. Lilliefors Significance Correction

Tabel 4.6 One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			30
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		6.75263048
Most Extreme Differences	Absolute		.109
	Positive		.063
	Negative		-.109
Test Statistic			.109
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.462
	99% Confidence Interval	Lower Bound	.449
		Upper Bound	.475

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

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

e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 221623949.

Based on the results of the normality test using the Kolmogorov-Smirnov One-Sample method, a sig value of 0.200 was obtained. This value is greater than the significance level of 0.05, so it can be concluded that the residual data is normally distributed.

Thus, it can be concluded that the data in this study is normally distributed so that it meets the assumption of normality.

b. Multicollinearity Test

The Multicollinearity test aims to test whether there is a strong correlation between independent (free) variables in the regression model. A good model should not have a high correlation between independent variables. According to Irfan (2014:161), the method used to assess it is to look at the value of the variance inflation factor (VIF), which does not exceed 4 or 5.

Table 4.7
Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.306	2.125		1.085	.287		
	Likuiditas	1.027	.358	.476	2.868	.008	.997	1.003
	Leverage	.754	.822	.152	.918	.367	.997	1.003

a. Dependent Variable: Profitabilitas

Source : SPSS Version 31

Based on the multicollinearity test table above, it shows that the value of the Variance Inflation Factor (VIF) for the Liquidity variable is 1.003 and the Leverage variable is 1.003, as well as the Tolerance value of each variable is 0.997. This shows that the Tolerance values in both variables are greater than 0.10 (0.997 > 0.10) and the VIF values are less than 4 or 5 (1.003< 4 or 5). Thus, it can be concluded that there is no problem of multicollinearity between independent variables in the regression model. This condition indicates that there is no strong relationship between independent variables, so that each variable can be used together in a regression model without causing bias in the estimation.

1. Heteroscedasticity Test

The Heteroscedasticity test aims to test whether in the regression model there is variance of variants from the residual of another observation. If the residual variation from one observation to another is fixed, then it is called homokedasticity, and if the variance is different it is called heteroscedasticity.

According to Ghozali (2016:139), the basis of analysis to determine the existence or absence of heterokedasticity is as follows:

1. If there is a certain pattern, such as the dots that exist forming a certain irregular pattern (wavy, widening and then narrowing) then it indicates

that heterokedasticity has occurred.

2. If there is no clear pattern, and the dots spread above and below the number 0 on the Y axis, then there is no heteroscedastic.

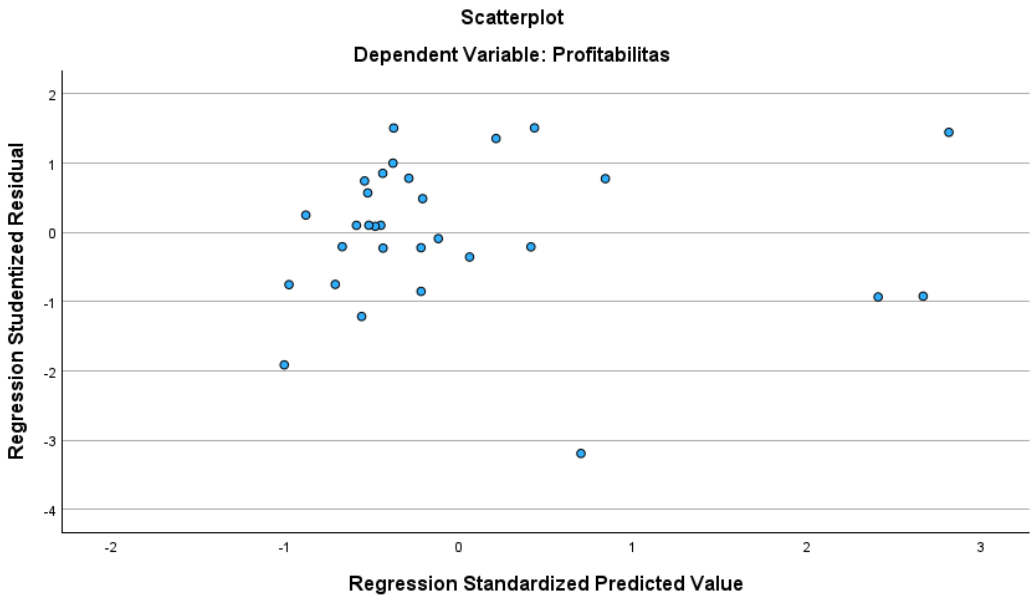

Figure 4.2 Scatter Plot

Based on the results of the heteroscedasticity test using a scatterplot graph, it can be seen that the data points are randomly spread and do not form a specific pattern, either narrowing, widening or wavy patterns. The spread of those dots is also around the zero line irratorially. This shows that residual variance is constant.

Thus, it can be concluded that the regression model in this study does not experience heteroscedasticity problems, thus fulfilling one of the classical assumptions in regression analysis.

2. Autocorrelation Test

The Autocorrelation test aims to test whether in a linear regression model there is a correlation between the disruptive error in the t-period and the error in the t-1 (previous) period.

The criteria for Durbin Watson are as follows:

a. If the value of D-W is below -2, it means that there is a positive autocorrelation.

b. If the value of D-W is between -2 and +2, there is no autocorrelation.
c. If the value of D-W is above +2, there is a negative autocorrelation.

The results of the autocorrelation test can be seen in the following table:

Table 4.8 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.507[a]	.257	.202	6.99826	1.003

a. Predictors: (Constant), Leverage, Likuiditas

b. Dependent Variable: Profitabilitas

Based on the table above, it can be seen that the Durbin Watson value is 1.003 which means that the D-W value is between -2 to +2. It is concluded that there is no autocorrelation in the regression model above.

4.2.3 Multiple Linear Regression Test

In analyzing the data, multiple linear regression analysis was used. Multiple linear regression analysis was performed to determine the influence of free variables on bound variables. The following are the results of data processing using SPSS Version 31.

Table 4.9 Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.306	2.125		1.085	.287		
	Likuiditas	1.027	.358	.476	2.868	.008	.997	1.003
	Leverage	.754	.822	.152	.918	.367	.997	1.003

a. Dependent Variable: Profitabilitas

Based on the results of the calculation above using the SPSS Version 31 program, the following multiple linear regression equation model was obtained:

$$Y=2.306+1.027X1+0.754X2$$

The multiple linear regression equation above can be interpreted as follows:

1. A constant of 2.306 means that if Liquidity (X_1) and Leverage (X_2) are 0, then Profitability (Y) is worth 2.306.
2. The regression coefficient of the Liquidity variable (X_1) is 1.027, which means that if the Liquidity increases by one unit, it will be followed by an increase in Profitability of 1.027 or 100.027%. The coefficient has a positive value, meaning that Liquidity and Profitability have a positive relationship. Thus, an increase in Liquidity will result in an increase in Profitability.
3. Coefficient The regression coefficient of the Leverage variable (X_2) is 0.754, meaning that if the Leverage increases by one unit, it will be followed by an increase in Profitability of 0.754 or 75.4%. The coefficient has a positive value, meaning that Leverage and Profitability have a positive relationship. Thus, an increase in Leverage will result in an increase in Profitability.

a. Hypothesis Testing

Hypothesis testing is a process in research in order to find the truth of the hypothesis that has been established, whether the hypothesis is accepted or rejected, In this study the statistical hypothesis for multiple regression is as

follows:

1. Partial Test (t-test)

The partial t-test is used to determine the influence of independent variables on individually bound variables. To partially test the hypothesis, the t-test uses regression coefficients. The value needed is to look at the probability value t, namely sig, the stipulation is that if the value of Sig < from the value of ∝ of 0.05, then there is a significant influence between the independent variable and the dependent variable, but if the probability value of t , namely Sig > of the value of ∝ of 0.05, then there is no influence between the independent and dependent variables. The following are the results of regression processing from the data above:

Table 4.10
Partial Test Results (t-test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.306	2.125		1.085	.287		
	Likuiditas	1.027	.358	.476	2.868	.008	.997	1.003
	Leverage	.754	.822	.152	.918	.367	.997	1.003

a. Dependent Variable: Profitabilitas

Based on the results of the statistical test t in the table above, it can be explained as follows:

1. The Effect of Liquidity on *Return On Assets (ROA)*

It is known that the significance value is 0.008 ≤ 0.05, then H0 is rejected and Ha is accepted. This means that Working Capital has an individual influence on Profitability.

2. The Effect of Leverage on *Return On Assets (ROA)*

It is known that the significance value is 0.367 ≥ 0.05, then H0 is accepted and

Ha is rejected. This means that Leverage has no individual influence on Profitability.The Effect of Inventory Turnover on Return On Assets (ROA).

2. Simultaneous Test (F Test)

The F test is used to find out whether or not the independent variables (X1 and X2) as a whole have a significant influence on the bound variable (Y).

The results of the F test can be seen in the Anova table below:

Tabel 4.11 Anova

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	458.199	2	229.100	4.678	.018[b]
	Residual	1322.343	27	48.976		
	Total	1780.542	29			

a. Dependent Variable: Profitabilitas

b. Predictors: (Constant), Leverage, Likuiditas

Source : SPSS Version 31

Based on the results of the F test, it is known that the significance value is 0.018 ≤ 0.05, so H0 is rejected and Ha is accepted. This shows that Liquidity and Leverage simultaneously have a significant effect on Profitability.

1. Coefficient Determination Test

The coefficient of determination is a coefficient that determines the amount of contribution that an independent variable makes to a bound variable or in other words, the coefficient of determination or R-Square is useful for predicting how much influence the variable X simultaneously contributes to variable Y.

The determination coefficient is shown to determine the percentage of the influence of independent variables and dependent variables, namely by squaring the found coefficients. If the coefficient of determination (R2).

The greater or closer it is to 1, then it can be said that the ability of the free variable (X) is great to the bound variable (Y). This means that the model used is getting stronger to explain the influence of the independent variable with the bound variable. On the other hand, if the coefficient of determination (R2) is getting smaller or closer to 0, then it can be said that the ability of the independent variable (X) to the bound variable (Y) is getting smaller.

Table 4.12

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.507[a]	.257	.202	6.99826	1.003

a. Predictors: (Constant), Leverage, Likuiditas

b. Dependent Variable: Profitabilitas

Source : SPSS Version 31

From the results of the determination test above, it can be seen that the R-Square value is 0.257. This means that 25.7% of Return On Assets (ROA) is influenced by Liquidity and Leverage, while the remaining 74.3% is influenced by other variables that are not studied.

4.1.4 Discussion

A. The Effect of Liquidity on Return on Assets

Based on the results obtained from the research data, it shows that the tcal value is 2.868. The probability value of the Liquidity variable shows a Sig number of 0.008, meaning a value of 0.008 > 0.05. This means that Liquidity has a significant effect on Profitability.

This effect occurs because the high level of liquidity reflects the company's ability to meet its short-term obligations and indicates that the company has sufficient current assets to support operational activities. Good liquidity

management allows companies to carry out operational activities more efficiently, thereby increasing revenue and profits.

The regression coefficient of the liquidity variable of 1.027 with a positive value indicates that the relationship between liquidity and profitability is unidirectional, where any increase in liquidity will be followed by an increase in profitability (ROA).

When associated with the pecking order theory, companies tend to prioritize the use of internal funds over external sources of funds. High liquidity reflects the availability of adequate internal funds, so the company does not have to rely on debt. This can reduce additional costs such as interest, so that the company's profits can increase.

In addition, in the perspective of capital structure theory, good liquidity conditions indicate that the company has a more stable financial structure with lower risk. This stability allows the company to operate optimally without excessive short-term liability pressure, thus positively impacting profitability.

B. The Effect of Leverage on Return On Assets

Based on the test results, the t-value of the leverage variable calculation was 0.918 with a significance value (Sig) of 0.367. The significance value is greater than 0.05 (0.367 > 0.05), so it can be concluded that leverage does not have a significant effect on profitability (Return on Assets).

This shows that the use of debt in the company's capital structure has not been able to make a significant contribution to the increase in profits. Although debt can be used to fund operational activities or expansion, if not managed optimally, it can actually incur interest expenses that reduce the company's

profitability.

A positive leverage regression coefficient of 0.754 indicates that the relationship between leverage and profitability is unidirectional, but because it is insignificant, the effect is not strong enough to explain the change in profitability.

If associated with the theory of capital structure, this result shows that the company has not achieved an optimal capital structure, where the use of debt has not been able to significantly increase the company's value and profitability.

Meanwhile, based on the pecking order theory, companies are more likely to use internal funds than debt. This may explain why leverage does not have a significant effect, as the company does not make debt the main source of funding, so its impact on profitability is not too great.

The results of this study are in line with the research conducted by Gill, Biger & Mathur (2011) which stated that leverage does not always have a significant effect on the profitability of the company, depending on the capital structure and interest expense borne by the company.

C. The Influence of Liquidity and Leverage on Profitability

This simultaneous influence shows that the combination of a company's ability to maintain liquidity and a policy on the use of debt has an important role in increasing profitability. Good liquidity allows the company to meet short-term obligations and carry out operational activities smoothly. Meanwhile, leverage can be used as an additional source of funding to support business activities if managed optimally.

In the perspective of pecking order theory, companies tend to prioritize internal funds that are reflected in the level of liquidity before using debt.

Therefore, liquidity is a major factor in supporting profitability, while leverage plays a role as an alternative to funding.

Meanwhile, in the theory of capital structure, companies need to determine the optimal combination of debt and internal sources of funds in order to improve financial performance. Good liquidity management and the proper use of leverage will help companies achieve maximum profitability.

The results of this study are also supported by the research of Abor (2005) which states that the capital structure (leverage) affects the profitability of the company.

CHAPTER V

CONCLUSION

5.1 Conclusion

Based on the results of the discussion on the influence of Liquidity and Leverage on profitability, the following conclusions can be obtained:

1. The test results showed that the significance value was 0.008 < 0.05, so H0 was rejected and Ha was accepted. This means that liquidity has a significant effect on profitability (ROA) in manufacturing companies in the healthcare subsector for the 2022–2024 period.
2. The test results showed that the significance value was 0.367 > 0.05, so H0 was accepted and Ha was rejected. This means that leverage does not have a significant effect on profitability (ROA) in manufacturing companies in the healthcare subsector for the 2022-2024 period.
3. The test results showed that the significance value was 0.018 < 0.05, so H0 was rejected and Ha was accepted. This means that liquidity and leverage together have a significant effect on profitability (ROA) in manufacturing companies in the healthcare subsector for the 2022–2024 period.

5.2 Suggestions

Based on the results of the above research, there are several suggestions put forward by the researcher related to the results of the research, namely:

1. Manufacturing companies in the healthcare subsector are expected to be able to manage liquidity optimally, because it has been proven to have a significant influence on increasing profitability. Efficient liquidity management will help

companies increase profits. Management needs to be more careful in using leverage, because in this study leverage does not have a significant effect on profitability. Improper use of debt can increase financial risk without providing an optimal increase in profit. Companies are advised to improve operational efficiency, especially in the management of current assets, in order to support sustainable profitability improvement.

2. For future researchers, it is recommended to add other variables such as liquidity, activity, or company size to make the research results more comprehensive. Researchers are also advised to expand the number of samples and the research period, so that the results obtained can be more representative and accurate.

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APPENDIX

Appendix 1

Liquidity Data of Manufacturing Companies in the Healthcare Subsector Listed on the IDX in 2022–2024

No.	Company Name	Liquidity		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	3 ,00	2 ,86	2 ,69
2.	Indofarma Tbk	9 ,10	2 ,60	8 ,90
3.	Kimia Farma Tbk	14,12	12 ,56	13 ,48
4.	Kalbe Farma Tbk	3 ,77	2 ,90	4 ,10
5.	Merck Tbk	3 ,33	5 ,74	6 ,52
6.	Pyridam Farma Tbk	1 ,81	1 ,92	1 ,28
7.	Tempo Scan Pacific Tbk	2 ,48	2 ,69	3 ,08
8.	Organon Pharma Indonesia Tbk	3 ,08	2 ,11	2 ,34
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	4 ,10	4 ,50	5 ,40
10.	Phapros Tbk	0,14	1,61	2,64

Data on Leverage of Manufacturing Companies in the Healthcare Subsector Listed on the IDX in 2022–2024

No.	Company Name	Leverage		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	0,43	0,45	0,49
2.	Indofarma Tbk	-3,22	-1,95	-1,54
3.	Kimia Farma Tbk	1,72	2,48	3,37
4.	Kalbe Farma Tbk	0,23	0,17	0,20
5.	Merck Tbk	0,37	0,19	2,44
6.	Pyridam Farma Tbk	3,27	4,59	0,50
7.	Tempo Scan Pacific Tbk	0,40	0,36	0,38
8.	Organon Pharma Indonesia Tbk	0,69	1,71	0,16
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	0,15	0,13	1,71
10.	Phapros Tbk	0,14	1,61	2,64

Profitability Data of Manufacturing Companies in the Healthcare Subsector Listed on the IDX in 2022–2024

No.	Company Name	Profitability		
		2022	2023	2024
1.	Darya-Varia Laboratoria Tbk	6,40	6,17	6,13
2.	Indofarma Tbk	17,89	-8,89	-10,11
3.	Kimia Farma Tbk	12,64	11,36	27,00
4.	Kalbe Farma Tbk	11,70	9,30	10,00
5.	Merck Tbk	16,33	17,61	16,04
6.	Pyridam Farma Tbk	1,09	5,58	5,68
7.	Tempo Scan Pacific Tbk	5,84	10,41	11,59
8.	Organon Pharma Indonesia Tbk	12,84	4,21	3,41
9.	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk	5,10	6,40	7,70
10.	Phapros Tbk	-1,50	-0,40	-2,73

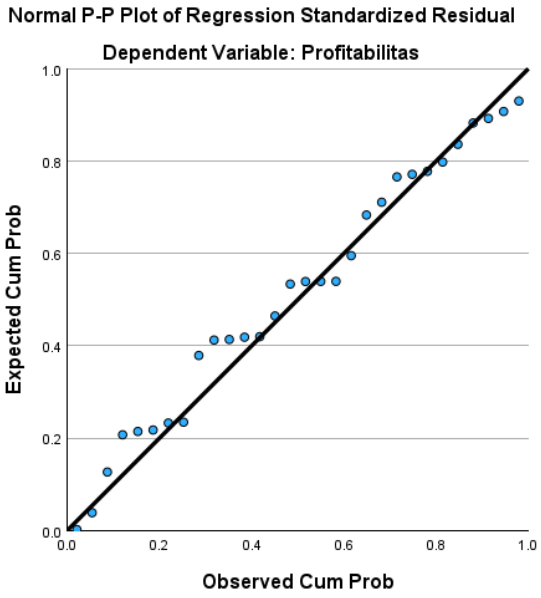
Appendix 2

Descriptions

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas	30	.95	14.12	4.4567	3.63314
Leverage	30	-3.22	4.59	.8090	1.58294
Profitabilitas	30	-10.11	27.00	7.4930	7.83569
Valid N (listwise)	30				

Regression



Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Likuiditas	.239	30	<,001	.778	30	<,001
Leverage	.234	30	<,001	.916	30	.021
Profitabilitas	.113	30	.200*	.973	30	.632

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

a. Lilliefors Significance Correction

Residuals Statistics[a]

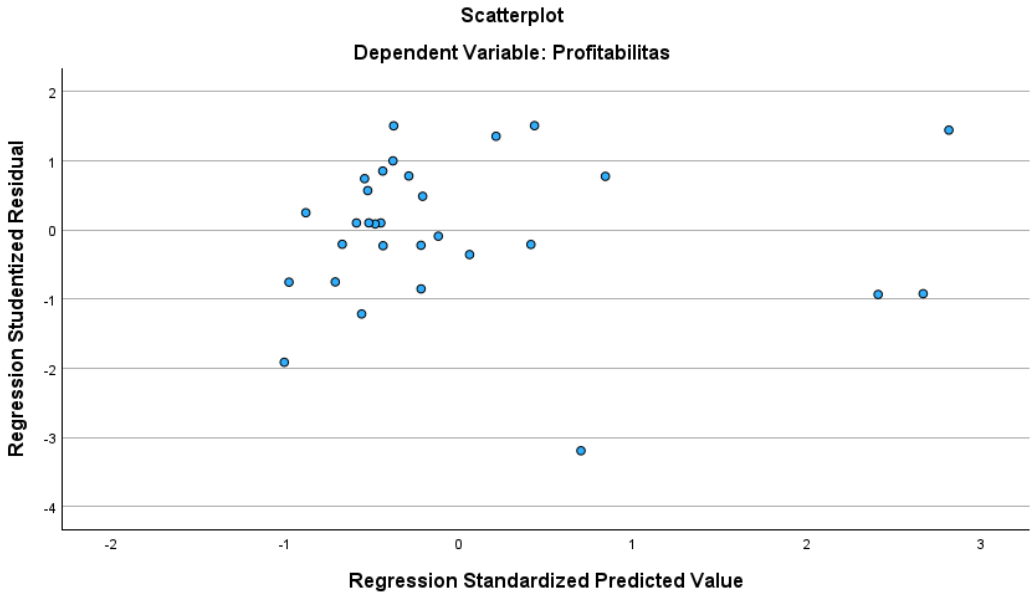
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.5050	18.6921	7.4930	3.97492	30
Std. Predicted Value	-1.003	2.817	.000	1.000	30
Standard Error of Predicted Value	1.371	3.991	2.039	.874	30
Adjusted Predicted Value	3.8891	20.2722	7.5916	4.14329	30
Residual	-20.39452	10.32527	.00000	6.75263	30
Std. Residual	-2.914	1.475	.000	.965	30
Stud. Residual	-3.194	1.508	-.007	1.048	30
Deleted Residual	-24.49876	12.84357	-.09859	8.01488	30
Stud. Deleted Residual	-3.974	1.546	-.033	1.147	30
Mahal. Distance	.147	8.463	1.933	2.659	30
Cook's Distance	.000	.684	.069	.149	30
Centered Leverage Value	.005	.292	.067	.092	30

a. Dependent Variable: Profitabilitas

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.306	2.125		1.085	.287		
	Likuiditas	1.027	.358	.476	2.868	.008	.997	1.003
	Leverage	.754	.822	.152	.918	.367	.997	1.003

a. Dependent Variable: Profitabilitas



Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.507[a]	.257	.202	6.99826	1.003

a. Predictors: (Constant), Leverage, Likuiditas

b. Dependent Variable: Profitabilitas

Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.306	2.125		1.085	.287		
	Likuiditas	1.027	.358	.476	2.868	.008	.997	1.003
	Leverage	.754	.822	.152	.918	.367	.997	1.003

a. Dependent Variable: Profitabilitas

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	458.199	2	229.100	4.678	.018[b]
	Residual	1322.343	27	48.976		
	Total	1780.542	29			

a. Dependent Variable: Profitabilitas

b. Predictors: (Constant), Leverage, Likuiditas

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.507[a]	.257	.202	6.99826	1.003

a. Predictors: (Constant), Leverage, Likuiditas

b. Dependent Variable: Profitabilitas