

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

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ABSTRACT

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

INTRODUCTION

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 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 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 1.1 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 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.

RESEARCH METHODS

This study uses a quantitative and associative approach to examine the effect of liquidity on profitability in healthcare manufacturing companies listed on the Indonesia Stock Exchange. This study focused on a population of 10 companies meeting these criteria during the 2022-2024 period, using a saturated sampling technique to determine a sample of 7 companies. The collected data were analyzed using SPSS version 31 software using various analytical techniques, including descriptive statistics, classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation, and multiple linear regression analysis to determine the relationship between the independent and dependent variables (Irfan, Manurung & Hani, 2024; Sugiyono, 2012). The analysis results indicate that liquidity has a significant effect on company profitability, as measured by Return on Assets (ROA). This study also includes hypothesis testing using t-tests and F-tests to examine the influence of each variable and the simultaneous influence of the independent variables on the dependent variable. The coefficient of determination (R^2) is used to measure how well the model explains variations in profitability (Ghozali, 2016). These findings provide important insights for company management in making financial decisions related to liquidity and profitability in the healthcare sector.

RESEARCH FINDINGS

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 Multiple Linear Regression

		Coefficients ^a						Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
		B	Std. Error	Beta					
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:

$$Y = 2.306 + 1.027X_1 + 0.754X_2$$

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.

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 α 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 α 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
Partial Test Results (t-test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			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 $0.008 \leq 0.05$, 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 $0.367 \geq 0.05$, 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 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 $0.018 \leq 0.05$, 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
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.

DISCUSSION

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.

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.

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

CONCLUSION

Based on the results of the discussion on the influence of Liquidity and Leverage on profitability, the following conclusions can be obtained: The test results showed that the significance value was $0.008 < 0.05$, so H_0 was rejected and H_a 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. The test results showed that the significance value was $0.367 > 0.05$, so H_0 was accepted and H_a 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. The test results showed that the significance value was $0.018 < 0.05$, so H_0 was rejected and H_a 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.

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