THE EFFECT OF INFLATION, LEVERAGE, AND COMPANY SIZE ON PROFITABILITY WITH LIQUIDITY AS A MODERATOR

THESIS

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THE EFFECT OF INFLATION, LEVERAGE, AND COMPANY SIZE ON PROFITABILITY WITH LIQUIDITY AS A MODERATOR

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ABSTRACT

This study aims to examine the effect of inflation, leverage, and company size on profitability with liquidity as a moderating variable in companies in the Consumer Non-Cyclicals sector included in the Food & Beverage and Agricultural Products industries listed on the Indonesia Stock Exchange during the 2020–2024 period. This study employed a quantitative approach using secondary data obtained from the annual financial statements of the companies. The sample consisted of 25 companies selected through purposive sampling, resulting in 125 observations over the research period. Data were analyzed using panel data regression and panel data regression with a moderating variable using EViews 12 software. The results indicate that leverage has a negative and significant effect on profitability, while inflation and company size do not have a significant effect on profitability. Furthermore, liquidity is unable to moderate the relationship between inflation and profitability as well as leverage and profitability, but is able to positively moderate the relationship between company size and profitability.

Keywords: Inflation, Leverage, Company Size, Liquidity, Profitability.

THE EFFECT OF INFLATION, LEVERAGE, AND COMPANY SIZE ON PROFITABILITY WITH LIQUIDITY AS A MODERATOR

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh inflasi, leverage, dan ukuran perusahaan terhadap profitabilitas dengan likuiditas sebagai variabel moderasi pada perusahaan sektor Consumer Non-Cyclicals yang termasuk dalam industri Food & Beverage dan Agricultural Products yang terdaftar di Bursa Efek Indonesia selama periode 2020–2024. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan. Sampel penelitian terdiri atas 25 perusahaan yang dipilih menggunakan teknik purposive sampling sehingga diperoleh 125 observasi selama periode penelitian. Analisis data dilakukan menggunakan regresi data panel dan analisis regresi data panel dengan variabel moderasi dengan bantuan perangkat lunak EViews 12. Hasil penelitian menunjukkan bahwa leverage berpengaruh negatif dan signifikan terhadap profitabilitas, sedangkan inflasi dan ukuran perusahaan tidak berpengaruh signifikan terhadap profitabilitas. Selain itu, likuiditas tidak mampu memoderasi hubungan antara inflasi dan profitabilitas maupun hubungan antara leverage dan profitabilitas, namun mampu memoderasi secara positif hubungan antara ukuran perusahaan dan profitabilitas.

Kata kunci: Inflasi, Leverage, Ukuran Perusahaan, Likuiditas, Profitabilitas.

SUMMARY

THE EFFECT OF INFLATION, LEVERAGE, AND COMPANY SIZE ON PROFITABILITY WITH LIQUIDITY AS A MODERATOR

1. Background

Profitability is an important indicator of a company's ability to generate profits and sustain its business operations (Haikal et al., 2025). In companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector, profitability is particularly important due to the sector's significant contribution to Indonesia's economy. However, during the 2020–2024 period, these companies faced various economic challenges, including the COVID-19 pandemic, economic recovery, and global inflationary pressures that increased the costs of raw materials, energy, and distribution. These conditions potentially affected companies' ability to maintain their financial performance.

To improve profitability, companies need to pay close attention to various factors that may influence their financial performance. These factors include inflation as an external factor, as well as leverage and company size as internal factors. In addition, liquidity is expected to play a role in strengthening or weakening the effects of these variables on profitability. However, previous studies have produced inconsistent findings regarding the relationship between inflation, leverage, company size, and profitability. Therefore, this study examines the effects of inflation, leverage, and company size on profitability and investigates the moderating role of liquidity in companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the 2020–2024 period.

2. Research Questions

The research questions are formulated for companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the 2020–2024 period as follows:

1. Does inflation negatively affect profitability?
2. Does leverage negatively affect profitability?
3. Does company size positively affect profitability?
4. Does liquidity moderate the negative effect of inflation on profitability?
5. Does liquidity moderate the negative effect of leverage on profitability?
6. Does liquidity moderate the positive effect of company size on profitability?

3. Research Objectives

The objectives of this study are to examine, in companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the 2020–2024 period, the following:

1. To examine whether inflation negatively affects profitability.
2. To examine whether leverage negatively affects profitability.
3. To examine whether company size positively affects profitability.
4. To examine whether liquidity moderates the negative effect of inflation on profitability.
5. To examine whether liquidity moderates the negative effect of leverage on profitability.
6. To examine whether liquidity moderates the positive effect of company size on profitability.

4. Research Methods

This study employed a quantitative approach using an explanatory research design to examine the effects of inflation, leverage, and company size on profitability, as well as the moderating role of liquidity. The data used consisted of secondary data obtained from the annual financial statements of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during the 2020–2024 period, as well as inflation data obtained from Statistics Indonesia (BPS) and Bank Indonesia.

The study population consisted of 83 companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on IDX. The sample was selected using purposive sampling based on predetermined criteria, resulting in 25 companies with a total of 125 observations. Data were analyzed using panel data regression and panel data regression with a moderating variable with EViews 12 software to examine the effects of inflation, leverage, and company size on profitability, as well as the moderating role of liquidity in the relationship between the independent variables and profitability.

5. Finding and Discussion

The results of the study indicate that leverage is the only variable that has a significant effect on profitability. Leverage has a negative effect on profitability, suggesting that the higher the level of debt, the lower a company's ability to generate profits due to increased interest expenses and debt repayment obligations. Meanwhile, inflation and company size do not have a significant effect on profitability. These findings suggest that companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector are relatively capable of maintaining profitability amid changes in inflation rates, whereas the size of a company's assets does not necessarily enhance the profits generated.

The moderation test results indicate that liquidity does not moderate the relationship between inflation and profitability or the relationship between leverage and profitability. However, liquidity is able to positively moderate the relationship between company size and profitability. These findings indicate that adequate liquidity strengthens the positive contribution of company size to profitability by enabling companies to utilize their assets and financial resources more efficiently. Overall, the findings indicate that, within the proposed research model, leverage is the only independent variable found to have a significant effect on profitability. Furthermore, liquidity positively moderates the relationship between company size and profitability but does not moderate the relationships between inflation and profitability or leverage and profitability.

6. Conclusion and Suggestion

Based on the research findings, it can be concluded that leverage has a negative effect on profitability, whereas inflation and company size do not have a significant effect on the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the 2020–2024 period. Furthermore, liquidity was not found to moderate the relationship between inflation and leverage on profitability. However, liquidity was found to positively moderate the relationship between company size and profitability. Thus, the findings indicate that, within the proposed research model, leverage is the only independent variable that significantly affects profitability, while liquidity positively moderates the relationship between company size and profitability.

Based on these findings, companies are advised to manage their use of debt more optimally to reduce financial risks that could undermine profitability. In addition, companies should maintain adequate liquidity to optimize the utilization of their assets and financial resources, thereby strengthening the contribution of company size to profitability. Further research is recommended to expand the scope of the study, extend the observation period, and further examine the moderating role of liquidity under different research settings.

RINGKASAN

THE EFFECT OF INFLATION, LEVERAGE, AND COMPANY SIZE ON PROFITABILITY WITH LIQUIDITY AS A MODERATOR

1. Latar Belakang

Profitabilitas merupakan indikator penting yang menunjukkan kemampuan suatu perusahaan dalam menghasilkan laba dan mempertahankan kelangsungan operasional bisnisnya (Haikal et al., 2025). Pada perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals, profitabilitas memiliki peranan yang penting mengingat kontribusi sektor tersebut yang signifikan terhadap perekonomian Indonesia. Namun, selama periode 2020–2024, perusahaan-perusahaan tersebut menghadapi berbagai tantangan ekonomi, termasuk pandemi COVID-19, pemulihan ekonomi, dan tekanan inflasi global yang meningkatkan biaya bahan baku, energi, serta distribusi. Kondisi tersebut berpotensi memengaruhi kemampuan perusahaan dalam mempertahankan kinerja keuangannya.

Untuk meningkatkan profitabilitas, perusahaan perlu memperhatikan berbagai faktor yang dapat memengaruhi kinerja keuangannya. Faktor-faktor tersebut meliputi inflasi sebagai faktor eksternal, serta leverage dan ukuran perusahaan sebagai faktor internal. Selain itu, likuiditas diperkirakan berperan dalam memperkuat atau memperlemah pengaruh variabel-variabel tersebut terhadap profitabilitas. Namun, penelitian terdahulu menunjukkan hasil yang belum konsisten mengenai hubungan antara inflasi, leverage, ukuran perusahaan, dan profitabilitas. Oleh karena itu, penelitian ini mengkaji pengaruh inflasi, leverage, dan ukuran perusahaan terhadap profitabilitas serta menguji peran likuiditas sebagai variabel moderasi pada perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di Bursa Efek Indonesia selama periode 2020–2024.

2. Rumusan Masalah

Rumusan masalah dalam penelitian ini pada perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di Bursa Efek Indonesia selama periode 2020–2024 adalah sebagai berikut:

1. Apakah inflasi berdampak negatif terhadap profitabilitas?
2. Apakah rasio utang berdampak negatif terhadap profitabilitas?
3. Apakah ukuran perusahaan berdampak positif terhadap profitabilitas?
4. Apakah likuiditas memoderasi efek negatif inflasi terhadap profitabilitas?
5. Apakah likuiditas memoderasi efek negatif leverage terhadap profitabilitas?
6. Apakah likuiditas memoderasi efek positif ukuran perusahaan terhadap profitabilitas?

3. Tujuan Penelitian

Tujuan penelitian ini pada perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di Bursa Efek Indonesia selama periode 2020–2024 adalah sebagai berikut:

1. Untuk menguji apakah inflasi berdampak negatif terhadap profitabilitas.
2. Untuk menguji apakah rasio utang berdampak negatif terhadap profitabilitas.
3. Untuk menguji apakah ukuran perusahaan berdampak positif terhadap profitabilitas.
4. Untuk menguji apakah likuiditas memoderasi dampak negatif inflasi terhadap profitabilitas.
5. Untuk menguji apakah likuiditas memoderasi efek negatif leverage terhadap profitabilitas.
6. Untuk menguji apakah likuiditas memoderasi efek positif ukuran perusahaan terhadap profitabilitas.

4. Metode Penelitian

Penelitian ini menggunakan pendekatan kuantitatif dengan metode penelitian eksplanatori untuk menganalisis pengaruh inflasi, leverage, dan ukuran perusahaan terhadap profitabilitas, serta peran likuiditas sebagai variabel moderasi. Data yang digunakan berupa data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di Bursa Efek Indonesia selama periode 2020–2024, serta data inflasi yang diperoleh dari Badan Pusat Statistik (BPS) dan Bank Indonesia.

Populasi penelitian terdiri atas 83 perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di BEI. Sampel penelitian dipilih menggunakan teknik purposive sampling berdasarkan kriteria yang telah ditetapkan sehingga diperoleh 25 perusahaan dengan total 125 observasi. Analisis data dilakukan menggunakan regresi data panel dan regresi data panel dengan variabel moderasi dengan bantuan perangkat lunak EViews 12 untuk menguji pengaruh inflasi, leverage, dan ukuran perusahaan terhadap profitabilitas, serta peran likuiditas sebagai variabel moderasi dalam hubungan antara variabel independen dan profitabilitas.

5. Hasil dan Pembahasan

Hasil penelitian menunjukkan bahwa leverage merupakan satu-satunya variabel yang berpengaruh signifikan terhadap profitabilitas. Leverage berpengaruh negatif terhadap profitabilitas, yang mengindikasikan bahwa semakin tinggi tingkat utang, semakin rendah kemampuan perusahaan dalam menghasilkan laba akibat meningkatnya beban bunga dan kewajiban pelunasan utang. Sementara itu, inflasi dan ukuran perusahaan tidak berpengaruh signifikan terhadap profitabilitas. Temuan ini menunjukkan bahwa perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals relatif mampu mempertahankan profitabilitas di tengah perubahan tingkat inflasi, sedangkan besarnya aset perusahaan tidak selalu meningkatkan laba yang dihasilkan.

Hasil uji moderasi menunjukkan bahwa likuiditas tidak memoderasi hubungan

antara inflasi dan profitabilitas maupun hubungan antara leverage dan profitabilitas. Namun, likuiditas mampu memoderasi secara positif hubungan antara ukuran perusahaan dan profitabilitas. Temuan ini menunjukkan bahwa likuiditas yang memadai memperkuat kontribusi positif ukuran perusahaan terhadap profitabilitas dengan memungkinkan perusahaan memanfaatkan aset dan sumber daya keuangannya secara lebih efisien. Secara keseluruhan, hasil penelitian menunjukkan bahwa dalam model penelitian ini, leverage merupakan satu-satunya variabel independen yang terbukti berpengaruh signifikan terhadap profitabilitas. Selain itu, likuiditas terbukti memoderasi secara positif hubungan antara ukuran perusahaan dan profitabilitas, namun tidak memoderasi hubungan antara inflasi dan profitabilitas maupun hubungan antara leverage dan profitabilitas.

6. Kesimpulan dan Saran

Berdasarkan hasil penelitian, dapat disimpulkan bahwa leverage berpengaruh negatif terhadap profitabilitas, sedangkan inflasi dan ukuran perusahaan tidak berpengaruh signifikan terhadap profitabilitas perusahaan yang termasuk dalam industri Food & Beverage dan Agricultural Products pada sektor Consumer Non-Cyclicals yang terdaftar di BEI selama periode 2020–2024. Selain itu, likuiditas tidak terbukti mampu memoderasi hubungan antara inflasi dan leverage terhadap profitabilitas. Namun, likuiditas terbukti mampu memoderasi secara positif hubungan antara ukuran perusahaan dan profitabilitas. Dengan demikian, dalam model penelitian ini, leverage merupakan satu-satunya variabel independen yang terbukti berpengaruh signifikan terhadap profitabilitas, sedangkan likuiditas memoderasi secara positif hubungan antara ukuran perusahaan dan profitabilitas.

Berdasarkan temuan tersebut, perusahaan disarankan untuk mengelola penggunaan utang secara lebih optimal guna mengurangi risiko keuangan yang dapat menurunkan profitabilitas. Selain itu, perusahaan perlu menjaga tingkat likuiditas yang memadai agar aset dan sumber daya keuangan dapat dimanfaatkan secara lebih optimal sehingga memperkuat kontribusi ukuran perusahaan terhadap profitabilitas. Penelitian selanjutnya disarankan untuk memperluas cakupan penelitian, memperpanjang periode pengamatan, serta mengkaji lebih lanjut peran likuiditas sebagai variabel moderasi pada kondisi penelitian yang berbeda.

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CHAPTER 1
INTRODUCTION

1.1 Background

Profitability is a key indicator that reflects a company's success in managing resources and maintaining business continuity. A good level of profitability not only demonstrates operational efficiency but also provides important information for investors and other stakeholders regarding the company’s future prospects. In the context of increasingly dynamic business competition, a company's ability to maintain profitability becomes a crucial factor in creating sustainable company value (Haikal et al., 2025).

The food and beverage industry plays a strategic role in Indonesia's economy because its products are basic necessities with relatively stable demand compared to other industries. Based on the Indonesia Stock Exchange Industrial Classification (IDX-IC), companies operating in the food and beverage industry, together with agricultural product companies that support the food supply chain, are classified within the Consumer Non-Cyclicals sector. These industries consistently contribute to the Gross Domestic Product (GDP) of Indonesia's non-oil and gas manufacturing sector and represent an important group of listed companies on the Indonesia Stock Exchange (IDX). Therefore, they are considered relevant for analysing corporate financial performance under different economic conditions.

Although classified as a stable sector in terms of demand, companies classified under the food & beverage and agricultural products industries still face significant economic pressures, particularly during 2020–2024. This period includes the COVID-19 pandemic crisis, economic recovery, and global inflationary pressures that have led to increases in raw material, energy, and distribution costs. These conditions show that stability in demand does not always go hand in hand with stability in profitability. Therefore, analyzing the factors that affect profitability in this sub-sector is important, especially in a fluctuating economic situation. Research by Burhanuddin et al. (2023) shows that inflation rates have an effect on the

financial performance of food and beverage companies listed on the Indonesia Stock Exchange, particularly in relation to the companies' ability to generate profits.

Inflation as a macroeconomic variable can affect corporate profitability through increased production and distribution costs. Several studies state that inflation does not have a significant effect on profitability because companies can adjust prices (P. W. Putri et al., 2025; Rahmadani & Amanah, 2020). Conversely, other studies show that inflation has a negative effect on profitability due to increased production costs that cannot be fully passed on to consumers (Kadek Rama Artikanaya, 2024; Nugroho et al., 2023). This inconsistency indicates a research gap that needs to be further explored, especially in sectors that are sensitive to price changes such as food & beverages and agricultural products industries.

Internal factors within a company also play an important role in determining profitability. Leverage as an indicator of funding structure reflects the extent to which a company uses debt to finance its operational activities. The use of debt can provide benefits in the form of tax savings and increased managerial discipline, but on the other hand, it increases financial risk. Some studies have found that leverage has a negative effect on profitability (Anisa & Febyansyah, 2024; Bintara, 2020), while other studies show a positive effect when debt is managed optimally (Syafi'i & Haryono, 2021). These differing results indicate that the effect of leverage on profitability is not singular and can be influenced by the company's financial condition.

Company size also affects profit-generating capabilities. Large companies generally have broader access to funding and better production efficiency. However, Nugraha et al. (2021) states that company size does not always guarantee increased profitability because large companies also face operational complexities and potential managerial inefficiencies. This condition reaffirms the importance of internal company management in maintaining profit performance.

Companies strive to achieve an optimal capital structure by balancing the benefits of using debt and the costs incurred due to increased financial risk.

Burhanuddin et al. (2023) explain that in conditions of rising inflation, the cost of using debt tends to increase, so companies need to reevaluate their financing decisions so as not to negatively impact profitability.

In addition, liquidity is an important factor in maintaining corporate financial stability. In conditions of high inflation and increasing debt burdens, companies with good liquidity levels tend to be better able to cope with cost pressures and financial risks, especially in unstable economic conditions. Therefore, liquidity has the potential to moderate the relationship between macroeconomic factors and internal company characteristics on profitability.

Based on the above discussion, it can be concluded that the profitability of companies operating in the food industry and its supporting agricultural activities is influenced by a combination of external and internal factors. Therefore, this study focuses on companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector of the Indonesia Stock Exchange (IDX-IC). This classification provides a broader representation of companies involved in Indonesia's food value chain while maintaining the relevance of analysing profitability during the 2020–2024 period. However, previous research results show inconsistencies, particularly regarding inflation, leverage, and company size in relation to profitability. In addition, studies that place liquidity as a moderator in the food and beverage companies are still relatively limited.

The Indonesia Stock Exchange (IDX) provides fairly complete data for analysis in the 2020-2024 period, which is the period when companies faced economic dynamics ranging from the pandemic, recovery, to global inflationary pressures. Through the financial data of companies listed on the IDX, this study is expected to provide a comprehensive picture of how companies in the food & beverage and agricultural product sector respond to economic challenges in maintaining their profitability.

1.2 Formulation of Problem

1.2.1 Statement of Problem

Profitability is a key indicator that reflects a company's financial performance. In a volatile economic situation, a company's profitability is influenced not only by internal conditions but also by external factors such as inflation. In addition, a company's financial structure, as reflected in its leverage and size, is also believed to play an important role in determining its financial performance. However, the influence of these three variables on profitability is not always consistent, depending on the company's ability to manage liquidity. Therefore, it is important to examine whether liquidity can moderate the relationship between these variables and profitability.

1.2.2 Research Questions

Based on the background explanation and problem statement described above, the following research questions can be posed:

1. Does inflation negatively affect the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?
2. Does leverage negatively affect the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?
3. Does company size positively affect the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?
4. Does liquidity moderate the negative effect of inflation on the profitability of companies classified under the Food & Beverage and Agricultural

Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?

5. Does liquidity moderate the negative effect of leverage on the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?
6. Does liquidity moderate the positive effect of company size on the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024?

1.3 Research Objectives

Based on the research background, problem formulation, and research questions that have been presented, the objectives of this study are as follows:

1. To examine whether inflation negatively affects the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.
2. To examine whether leverage negatively affects the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.
3. To examine whether company size positively affects the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.
4. To examine whether liquidity moderates the negative effect of inflation on the profitability of companies classified under the Food & Beverage and

Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.

5. To examine whether liquidity moderates the negative effect of leverage on the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.
6. To examine whether liquidity moderates the positive effect of company size on the profitability of companies classified under the Food & Beverage and Agricultural Products industries within the Consumer Non-Cyclicals sector listed on the IDX during the period 2020–2024.

1.4 Research Contribution

1.4.1 Theoretical Contribution

This study contributes to the development of financial management literature by examining how corporate financial characteristics influence company profitability. The study explains how funding decisions and financial structure may affect company performance, while also considering the role of managerial decision-making in managing company resources and financial risks. In addition, this research incorporates macroeconomic conditions, particularly inflation, as an external factor that can influence company profitability through changes in production costs and profit margins. By examining the moderating role of liquidity, this study also provides further insight into how a company's short-term financial capability can influence the strength of the relationship between internal financial factors and profitability.

1.4.2 Practical Contribution

This study is expected to provide practical insights for several parties.

For financial managers, the findings may serve as a reference in managing capital structure and liquidity in order to maintain company profitability under

changing economic conditions. In addition, the results of this study may help managers formulate more effective financial strategies to improve operational performance and business sustainability.

For investors, the results of this research may provide additional information in evaluating the financial performance and risk of companies classified under the food & beverage and agricultural products industries. Furthermore, this study may assist investors in making more informed investment decisions by considering the relationship between financial structure, liquidity, and profitability.

In addition, this study may serve as a reference for academics and future researchers in developing further research related to profitability, corporate financial structure, and the role of liquidity in company performance. Moreover, this research may contribute to the development of empirical studies and enrich the literature related to panel data analysis in financial research.