


The Effect of Profitability, Company Size, and Liquidity on Financial Performance of Healthcare Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2019-2023

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received Oct 9, 2025 Revised Oct 20, 2025 Accepted Nov 12, 2025</p> <hr/> <p>Keywords:</p> <p>Profitability Company Size Liquidity Financial Performance</p>	<p>Financial performance gives an overview of how well a firm is able to fulfill its obligations in terms of properly managing financial aspects by reflecting its financial state over a specific time period. Financial performance can be impacted by variables such as liquidity, company size, and profitability. With a population of all health sector companies listed on the IDX, this study employs a quantitative methodology. Purposive sampling is used in the sample research approach, and 10 companies make up the sample size. With the aid of SPSS software version 27, data analysis was carried out using multiple linear regression and descriptive statistics. The study's findings suggest that: (1) Financial performance is positively and significantly impacted by profitability; (2) company size has no discernible impact on financial performance; (3) financial performance is significantly positively impacted by liquidity; and (4) the financial performance of health sector companies is significantly impacted favorably by profitability, company size, and liquidity all at once.</p> 

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1. INTRODUCTION

Financial performance evaluation can be conducted by reviewing the company's financial statements. Financial statements serve as the primary source of information regarding a company's financial position and condition, serving as the basis for various parties to assess the viability and sustainability of the business. For investors, financial statements provide an overview of profitability levels and dividend distribution prospects, thus becoming a consideration in investment decisions.

A healthy financial condition is a key indicator of a business's sustainability. According to Wulandari (2023), financial performance can reflect how well a company manages its resources. Some indicators frequently used to assess financial performance include profitability, company size, and liquidity.

The COVID-19 pandemic, which has gripped Indonesia since 2020, has had a significant impact on various sectors, particularly the healthcare sector. The decline in public health due to the rapid spread of the virus has prompted the government to increase its focus on healthcare facilities and services. This situation has also impacted the financial performance of companies operating in the healthcare sector, both in terms of revenue and operational efficiency.

The ability of an organization to turn a profit from its operations is referred to as profitability. This ratio is a crucial indicator of how well a business uses its resources to turn a profit (Kamsir, 2021). Prior studies have produced conflicting findings. For example, Setyawan (2019) discovered a

positive correlation between financial performance and profitability, while Ekha Lestar's (2024) study indicated the opposite.

The ability of a business to satisfy its short-term obligations with its current assets is measured by liquidity. Investors place greater trust in companies with substantial liquidity because they believe they can sustain operational stability (Darmawan, 2020). But according to a number of studies, including those by Riska & Brady (2023), liquidity does not always affect financial performance.

Therefore, the purpose of this study is to examine how financial performance is affected by profitability, company size, and liquidity in healthcare companies that are listed on the Indonesian Stock Exchange between 2019 - 2023.

2. METHOD OF RESEARCH

Research Approach

This study employs a quantitative methodology grounded on positivism with the goal of testing hypotheses using numerical data. Since the goal of this study is to determine and quantify the causal relationship between the independent and dependent variables, the quantitative method was selected.

Population

All healthcare companies listed on the Indonesia Stock Exchange (IDX) comprise the study's population. 33 companies were included in the study population based on the data collected. This demographic was chosen due to the healthcare industry's strategic contribution to national economic stability, especially in the wake of the COVID-19 epidemic, and its interesting financial dynamics.

Sample

A subset of the population that is utilized as the subject of observation in a study is called a sample. This study used a purposive sample strategy because of the enormous population and the limited resources (manpower, money, and time). Purposive sampling is a technique for choosing samples according to particular standards relevant to the study's goals. A total of 40 observational data points were obtained from the research sample, which consisted of ten qualified organizations.

3. RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Analysis

Descriptive Statistics					
	N	Min	Max	Mean	Std. Dev
Profitability	40	.0026	.6227	.150180	.1185881
Company Size	40	14.51	30.06	23.3565	5.81868
Liquidity	40	.943	8,738	3.45965	1.775229
Financial performance	40	.0024	.3099	.106835	.0813398
Valid N (listwise)	40				

1. Profitability

The results of the statistical test on the Profitability variable with a sample of N (40) have a minimum value of 0.0026 and a maximum value of 0.6227 with an average value (mean) of 0.150180 and a standard deviation of 0.1185881.

2. Company Size

With a sample size of N (40), the statistical test results for the Company Size variable show a mean of 23.3565, a standard deviation of 5.81868, and a minimum value of 14.51 and a maximum value of 30.06.

3. Liquidity

With a sample size of N (40), the statistical test results for the liquidity variable revealed a mean of 3.45965, a standard deviation of 1.775229, and a minimum value of 0.943 and a maximum value of 8.738.

4. The study's dependent variable is financial performance. An average value (mean) of 0.106835 and a standard deviation of 0.0813398 are the results of statistical tests on the Financial Performance variable with a sample size of N (40). The smallest value is 0.0024, and the maximum value is 0.3099.

Normality Test Results

Table 2. Results of the Normality Test

One-Sample Kolmogorov-Smirnov Test					
				Unstandardized Residual	
N				40	
Normal Parameters ^{a,b}		Mean		.0000000	
		Standard Deviation		.05038194	
Most Extreme Differences		Absolute		.084	
		Positive		.084	
		Negative		-.050	
Test Statistics				.084	
Asymp. Sig. (2-tailed) ^c				.200 ^d	
Monte Carlo Sig. (2-tailed) ^e		Sig.		.676	
		99% Confidence Interval		Lower Bound	.664
				Upper Bound	.688

Source: SPSS 27.0 Output Results

The purpose of the normality test is to determine if the residual data is regularly distributed. The significance value of 0.200 obtained from the Kolmogorov-Smirnov test was more than $\alpha = 0.05$. As a result, the residual data is normally distributed and meets the conventional assumptions.

Multicollinearity Test Results

Table 3. Test Results Multicollinearity

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	.526	.077			
	Profitability	.083	.008	.733	.821	1,218
	Company Size	-.024	.014	-.109	.888	1,126
	Liquidity	.071	.017	.290	.792	1,263

a. Dependent Variable: Financial Performance

Source: SPSS 27.0 Output Results

This test was conducted to detect any relationships between the independent variables in the regression model. Based on the test results, the VIF value for each variable was below 10, and the tolerance value was above 0.1. This indicates that there is no multicollinearity between the variables of profitability, company size, and liquidity. Therefore, the regression model can be declared free from multicollinearity.

Heteroscedasticity Test Results

Table 4. Test Results Heteroscedasticity

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.127	.042		3,011	.005
	Profitability	-.005	.004	-.184	-1.124	.268
	Company Size	-.022	.008	-.440	-2,801	.108

	LN3	.006	.009	.099	.595	.556
a. Dependent Variable: ABSRES						

Source: SPSS 27.0 Output Results

According to the findings of the heteroscedasticity test, the significant values for profitability, firm size, and liquidity are 0.268, 0.108, and 0.556, respectively. The regression model is therefore appropriate for additional study because it shows no indications of heteroscedasticity.

Multiple Linear Regression Analysis

Table 5. Multiple Linear Regression Analysis

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.526	.077		6,833	.000
	Profitability	.083	.008	.733	10,749	.000
	Company Size	-.024	.014	-.109	-1,657	.106
	Liquidity	.071	.017	.290	4.175	.000

a. Dependent Variable: Financial Performance

Source: SPSS 27.0 Output Results

The multiple linear regression analysis yielded a constant value of 0.526. A value of 0.083 is assigned to the profitability variable, -0.024 to the company size variable, and 0.071 to the liquidity variable. Thus, the multiple linear regression equation model is as follows

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

$$Y = 0.526 + 0.083X_1 + -0.024X_2 + 0.071X_3 + \epsilon$$

According to the profitability coefficient (0.083), if all other factors stay the same, a one-unit increase in profitability will result in a 0.083 improvement in financial performance.

The firm size coefficient (-0.024) indicates a negative relationship, meaning that larger firm size does not always lead to improved financial performance.

The liquidity coefficient (0.071) indicates that higher liquidity leads to improved financial performance.

Research Hypothesis Testing

Partial Test (t-Test)

Table 6. Partial Test (t-Test)

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.526	.077		6,833	.000
	Profitability	.083	.008	.733	10,749	.000
	Company Size	-.024	.014	-.109	-1,657	.106
	Liquidity	.071	.017	.290	4.175	.000

a. Dependent Variable: Financial Performance

Source: SPSS 27.0 Output Results

The following explanation applies to the t-statistic test findings in the preceding table:

1. Profitability on Company Performance

Financial performance is significantly improved by profitability. This implies that a company's financial performance improves with its profitability.

2. The Influence of Company Size on Financial Performance

Financial performance is not significantly impacted by the size of the company, indicating that larger assets do not always translate into higher earnings.

3. The Effect of Liquidity on Financial Performance

Financial performance is significantly improved by liquidity, suggesting that businesses with high levels of liquidity are better equipped to handle their immediate responsibilities.

Discussion

The Influence of Profitability on Company Performance

The analysis's findings demonstrate that financial performance is significantly improved by profitability. This suggests that a company's financial success increases with its capacity to generate profits. This result is consistent with study by Setyawan (2019), which claims that because profitability is closely linked to a company's capacity for effective capital management, it is a crucial metric for evaluating financial performance.

The Influence of Company Size on Company Performance

Company size did not significantly influence financial performance. This result indicates that larger company assets do not always translate into improved financial performance. This aligns with research by Amalia (2021), which found that company size is not a primary determinant of profitability because asset management efficiency plays a greater role than total asset size.

The Effect of Liquidity on Company Performance

Financial performance is significantly improved by liquidity. Businesses with strong liquidity ratios can better fulfill their short-term commitments, which boosts market trust and gives investors a good signal. Healthy liquidity levels are linked to better financial performance, according to study by Rizki & Sri (2023), which is supported by this finding.

The Influence of Profitability, Company Size and Liquidity on Company Performance

The financial performance of a business is significantly impacted by these three factors taken together. This implies that a firm's stability and capacity to generate long-term economic value can be reflected in the mix of profitability, company size, and liquidity.

4. CONCLUSION

Conclusion

Based on the results of the analysis carried out in this study, the following conclusions were obtained: a) Profitability has a positive and significant impact on financial performance. This indicates that the higher a company's profit-generating ability, the better its financial performance. High profitability indicates a company's ability to manage its resources efficiently. Financial success is not greatly impacted by a company's size. This implies that increased financial performance is not always a result of a company's total asset size. Inefficient asset management does not necessarily make a large company more efficient than a small one.

1. Financial performance is positively and significantly impacted by liquidity. This finding suggests that a company's capacity to fulfill its immediate commitments will increase investor trust and enhance its financial stability.
2. For the 2019–2023 timeframe, the financial performance of healthcare firms listed on the Indonesia Stock Exchange is significantly improved by profitability, firm size, and liquidity all at the same time. This suggests that a company's financial success may be fully explained by the combination of these three factors.

Suggestion

The recommendations that can be made in light of the research findings are:

1. For healthcare companies: it is recommended to increase profitability by optimizing operational efficiency, reducing production costs, and strengthening marketing to achieve sustainable revenue and profit growth. Furthermore, maintaining healthy liquidity levels will help companies maintain their financial stability.
2. For future researchers: Future researchers are expected to expand this research by adding other variables such as leverage, asset management efficiency, and dividend policy. More thorough results can also be obtained by using additional metrics such as return on investment (ROI), net profit margin (NPM), and return on assets (ROA).

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