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Exploring the Impact of Company Scale, Financial Health, and Debt Structure on Corporate Performance: A Case Study of Consumer Goods Industry Firms Listed on the Indonesian Stock Exchange from 2017 to 2019

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Abstract

This study examines the impact of company size, liquidity, and leverage on the performance of consumer goods industry firms listed on the Indonesia Stock Exchange during the period of 2017-2019. Using a purposive sampling method, data was collected from 35 companies within the consumer goods sector, resulting in a dataset comprising 105 observations over three years. Multiple linear regression analysis was employed to analyze the data. The findings reveal that company size positively and significantly influences company performance, as measured by Economic Value Added (EVA). Conversely, liquidity exhibits a negative and statistically insignificant effect on company performance. Similarly, leverage, as indicated by the Debt Equity Ratio (DER), demonstrates a negative and non-significant impact on company performance.

Keywords: Company Size (SIZE), Liquidity, Debt to Equity Ratio (DER), Economic Value Added (EVA).

Introduction

The performance of a company serves as a vital indicator of its efficacy in fulfilling its core objectives and realizing its vision, mission, and targets (Combs et al., 2005; Richard et al., 2009). It encapsulates the culmination of efforts and achievements within a specified timeframe, necessitating periodic evaluations to gauge progress. These evaluations rely on established standards for both internal and external benchmarking, with a particular focus on internal standards entailing comparisons with key competitors. In contemporary business landscapes, the imperative for companies to exhibit robust performance across various domains, including finance and management, is paramount. (Chakravarthy, 1986; Cheng et al., 2003). Financial performance, a pivotal facet, denotes the effectiveness with which management leverages company assets to achieve success within a defined period. This is often quantified through metrics such as Economic Value Added (EVA), which delineates the difference between net operating profit after tax and net profit after accounting for capital costs (Higgins, 2018; Sharma et al., 2020; Zhu, 2000).

Within the ambit of the consumer goods industry, the nexus between company size, liquidity, leverage, and overall performance holds profound significance. Numerous studies have probed into the interplay between these variables, seeking to discern their impact on corporate performance (Bhat et al., 2020; Dang et al., 2017). Existing literature underscores the multifaceted nature of company size, which encompasses dimensions such as market capitalization, revenue, and asset base. Larger companies often enjoy economies of scale and enhanced bargaining power, potentially translating into superior performance. However, the relationship between size and performance may not always follow a linear trajectory, with factors such as agility and adaptability also exerting influence.

Moreover, liquidity, denoting a company's ability to meet short-term obligations, emerges as a critical determinant of financial health and operational flexibility. A high

degree of liquidity mitigates solvency risks and facilitates capital allocation for growth initiatives (Barber & Lyon, 1997; Lang et al., 1996). Conversely, excessive liquidity may signal underutilization of resources, constraining profitability. Similarly, leverage, characterized by the proportion of debt in a company's capital structure, engenders a trade-off between risk and return. While judicious leverage can amplify returns through magnified earnings per share, it amplifies financial vulnerability and interest rate sensitivity (Hawawini et al., 2003; Seissian et al., 2018). Thus, the dynamic interplay between these factors necessitates a nuanced examination to unravel their collective impact on corporate performance.

Despite the burgeoning body of literature, discernible research gaps persist, warranting further inquiry into the intricacies of company size, liquidity, and leverage vis-à-vis performance outcomes within the consumer goods industry context. Existing studies often offer disparate findings and overlook nuanced contextual nuances, thereby underscoring the need for comprehensive empirical investigations (Moss & Stine, 1989; Rouf, 2018). By elucidating the nuanced mechanisms underpinning these relationships, this study seeks to address these lacunae and contribute to the extant literature on corporate finance and performance evaluation (Awaluddin et al., 2020).

Against this backdrop, this research endeavors to interrogate the influence of company size, liquidity, and leverage on corporate performance among consumer goods industry firms listed on the Indonesian Stock Exchange from 2017 to 2019. Grounded in a robust conceptual framework and employing rigorous analytical techniques, this study aims to delineate the nuanced interplay between these variables and elucidate their implications for strategic decision-making and performance enhancement within the consumer goods sector.

Literature Review

Signaling theory elucidates a dynamic interplay between two pivotal actors: the signal giver, typically management, and the signal recipient, represented by investors in the external market (John & Williams, 1985; Spender & Grant, 1996). At its core, signaling theory posits that management endeavors to convey pertinent information about the company to investors, with the aim of influencing their investment decisions favorably. Through this process, management acts as the conduit for disseminating crucial insights into the company's performance, strategy, and prospects, thereby shaping investor perceptions and expectations (Bechan, 2011; Connelly et al., 2010).

In the context of publicly listed companies on the Indonesian Stock Exchange, financial reports serve as a primary source of information that underpins signaling efforts. These reports furnish investors with comprehensive insights into the company's financial health, operational efficiency, and strategic direction, facilitating informed decision-making (Arvidsson, 2012; Connelly et al., 2010). The issuance of financial reports by management effectively signals the company's performance and prospects to the market, prompting investors to engage in interpretation and analysis to discern the implications for their investment portfolios (Ambarish et al., 1987; Connelly et al., 2010).

Upon receiving these signals, investors engage in a rigorous process of interpretation and analysis to gauge the underlying implications for stock valuation and trading. This entails scrutinizing financial metrics, assessing key performance indicators, and discerning trends and patterns that may signal either positive or negative developments. Based on their assessment, investors categorize the information conveyed by management as either favorable ("good news") or unfavorable ("bad news"), subsequently incorporating these insights into their investment decisions and trading strategies (Campbel & Kracaw, 1980; John, 1987).

Overall, signaling theory underscores the critical role of information asymmetry in shaping investment decisions and market dynamics. By elucidating the mechanisms through which management communicates with external stakeholders and the subsequent impact on investor behavior, signaling theory offers valuable insights into the functioning of financial markets and the dynamics of corporate communication. In the context of the Indonesian Stock Exchange, where transparency and disclosure are paramount, signaling theory provides a theoretical lens through which to understand the complexities of investor decision-making and market efficiency (Chiou et al., 2007; Huberman & Kandel, 1993; Tetlock, 2010; Yasar et al., 2020).

Methodology

The research methodology employed in this study aligns with the positivist philosophy, emphasizing quantitative research methods to investigate samples and populations. Quantitative research involves the systematic collection and analysis of numerical data to uncover patterns, relationships, and trends (Abdul-Khalid, 2009; Aspers & Corte, 2019; Cortina, 2020). In this study, data collection centers on financial reports sourced from the consumer goods industry, accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id). Utilizing secondary data allows for comprehensive coverage of companies listed on the exchange, ensuring a robust dataset for analysis. Statistical Package for the Social Sciences (SPSS) version 20 serves as the primary tool for data analysis, facilitating rigorous statistical examination to test research hypotheses and discern underlying patterns (Aspers & Corte, 2019; Babones, 2015; Cortina, 2020; Hammersley, 1995).

Moreover, this research incorporates both correlational and comparative causal research approaches to elucidate the interplay between variables and explore causal relationships (Aspers & Corte, 2019; Babones, 2015). Correlational research seeks to identify correlations between two or more variables, enabling predictions and insights into their interactions. On the other hand, comparative causal research delves into the causal relationships between variables, examining how changes in one variable influence another (Bloomfield et al., 2016; Hussainey et al., 2003). These complementary approaches provide a comprehensive understanding of the factors shaping company performance within the consumer goods industry.

The population under scrutiny comprises consumer goods industry companies listed on the Indonesia Stock Exchange from 2017 to 2019, representing a broad spectrum of entities within the sector. Sampling methodology adopts a purposive sampling approach, whereby samples are selected based on predefined criteria to meet the research objectives. This ensures the inclusion of companies that are most relevant to the study, enhancing the validity and applicability of the findings.

Subsequent to data collection, a series of rigorous analyses are conducted to glean insights from the dataset. Descriptive statistical methods are employed to summarize and characterize the variables under investigation, providing a comprehensive overview of the sample population (Astanti et al., 2020; Haekal & Setio, 2017). Classical assumption testing is then conducted to validate the underlying statistical assumptions, encompassing tests for normality, multicollinearity, autocorrelation, and heteroscedasticity. Finally, hypothesis testing utilizes multiple linear regression models and coefficient of determination (R²) tests to examine the relationships between variables and ascertain their significance. Through this methodological framework, this study endeavors to provide valuable insights into the determinants of company performance within the consumer goods industry context (Bloomfield et al., 2016; Jensen, 1982).

Results and Discussion

The research delved into 53 consumer goods industrial companies listed on the Indonesia Stock Exchange from 2017 to 2019, initially identified as the research objects. However, upon further scrutiny based on predetermined sample criteria, it was revealed that two companies did not furnish annual reports, while three others were delisted during the period under review. Additionally, 13 companies reported losses, leading to their exclusion from the sample. Consequently, the final sample comprised 35 companies over the three-year period, yielding a total of 105 financial reports for analysis.

Subsequent to data collection, the research proceeded to conduct descriptive statistical analysis on four key variables: company size, liquidity, leverage, and company performance. This analysis aimed to provide a comprehensive overview of the dataset and elucidate key trends and patterns therein. Utilizing statistical measures such as means, standard deviations, and ranges, the research sought to quantify and characterize the distribution of these variables within the sample population. Through this process, the research aimed to lay the groundwork for further inferential analysis and hypothesis testing, enabling deeper insights into the relationships between these variables and their impact on company performance within the consumer goods industry.

Table 1
Descriptive Statistics of Research Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Company performance	105	-17084452696,14,79	4819382464313,48	243379255237,7156	844560727928,11010
Company Size	105	25,80	36,79	28,9011	1,86445
Liquidity	105	,53	15,82	3,1906	2,58894
Leverage	105	,09	2,93	,7385	,59187
Valid N (listwise)	105				

The analysis of the company performance variable reveals a wide range of values, spanning from a minimum of -1,708,445,269,614.79 to a maximum of 4,819,382,464,313.48. However, the average performance stands at 243,379,255,237.7156 with a considerable standard deviation of 844,560,727,928.11010, indicating substantial variability within the dependent variable. This suggests that the data distribution for company performance is not conducive to straightforward interpretation, potentially complicating the assessment of its impact.

In contrast, the examination of the company size variable demonstrates more favorable characteristics. With a minimum value of 25.80 and a maximum of 36.79, the data exhibit a narrower range, accompanied by a mean of 28.9011 and a standard deviation of 1.86445. These statistics suggest that the data pertaining to the independent variable (X1) display relatively stable and consistent patterns, facilitating a clearer understanding of its influence on company performance.

Similarly, the analysis of the liquidity variable reveals promising trends. Ranging from a minimum of 0.53 to a maximum of 15.82, with a mean of 3.1906 and a standard deviation of 2.58894, the data exhibit notable consistency and predictability. This

suggests that the independent variable (X2) experiences robust variations, enabling more precise assessments of its impact on company performance.

Finally, the examination of the leverage variable indicates relatively stable patterns. With a minimum value of 0.09 and a maximum of 2.93, alongside an average of 0.7385 and a standard deviation of 0.59187, the data portray consistent variations within the independent variable (X3). This stability enhances the reliability of assessing the influence of leverage on company performance, providing valuable insights into the interplay between financial structure and operational outcomes. Overall, while the company performance variable exhibits considerable variability, the independent variables, particularly company size, liquidity, and leverage, demonstrate more stable and consistent patterns, facilitating a nuanced understanding of their impact on corporate performance.

Table 2
Data Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		105
Normal Parameters ^{a,b}	Mean	-,0021775
	Std. Deviation	7567489243
	Absolute	,263
Most Extreme Differences	Positive	,263
	Negative	-,143
Kolmogorov-Smirnov Z		2,694
Asymp. Sig. (2-tailed)		,000

The Kolmogorov-Smirnov test results revealed a Kolmogorov-Smirnov Z value of 2.694, with a corresponding significance level of 0.000, indicating a significance level less than 0.05. This suggests that the sample distribution deviates from normality. Moreover, both dependent and independent variables exhibited significance levels lower than α , set at 0.05 or a 95% confidence level. Consequently, the non-normal distribution of the data necessitates further consideration.

To address the non-normality in the data distribution, the outlier method can be employed. This method offers a systematic approach to identifying and managing outliers, thereby potentially enhancing the normality of the dataset (Aggarwal, 2017; Shaikh & Kitagawa, 2014). By implementing appropriate outlier detection techniques and remedial actions, such as data transformation or exclusion, the normality assumption can be better satisfied, ensuring the robustness and reliability of subsequent statistical analyses. Hence, leveraging the outlier method presents a viable strategy to mitigate the impact of non-normality and enhance the validity of the results obtained from the dataset.

Table 3
Data Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		68

Normal Parameters ^{a,b}		Mean	-,0000764
		Std. Deviation	3068467827
Most Extreme Differences	Extreme	Absolute	,130
		Positive	,129
		Negative	-,130
Kolmogorov-Smirnov Z			1,075
Asymp. Sig. (2-tailed)			,198

The Kolmogorov-Smirnov test was conducted on the dependent variable, yielding a K-S statistic of 0.198 with a significance level of 1.075. The resulting p-value of 0.198 indicates that the data follows a normal distribution, as the significance level surpasses the conventional threshold of 0.05. Therefore, it can be inferred that the data is normally distributed, validating its suitability for subsequent analyses, particularly the classical assumption test.

Moving forward, the multicollinearity test was performed to assess the presence of correlations among the independent variables. Multicollinearity occurs when independent variables exhibit high intercorrelations, potentially inflating standard errors and leading to unreliable regression coefficients. To evaluate multicollinearity, the variance inflation factor (VIF) and tolerance (Tol) were examined, following the guidelines outlined by Ghazali (2016). Specifically, a VIF value of less than 10 and a Tol value greater than 10 are considered indicative of acceptable levels of multicollinearity, signifying that the independent variables are sufficiently orthogonal and do not unduly influence each other's effects on the dependent variable.

Table 4
Multicollinearity Test Results
Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 company size	,960	1,042
Likuiditas	,864	1,158
Leverage	,838	1,194

The results of the statistical tests reveal that the tolerance figure is 0.960, with a corresponding Variance Inflation Factor (VIF) of 1.158. Additionally, the leverage variable exhibits a tolerance of 0.838 and a VIF value of 1.194. These findings indicate that all variables possess VIF values below 10 and tolerance values exceeding 0.1. Consequently, it can be inferred that there is no significant correlation between variables, and multicollinearity is not present within the regression model.

Moving forward, the examination proceeds to assess autocorrelation within the regression model. Autocorrelation testing is crucial for identifying potential correlations among the residual errors from previous periods (t-1). The presence of autocorrelation suggests a systematic pattern of error terms, which can compromise the reliability of the regression model. To ascertain the presence of autocorrelation within the data, the Durbin Watson test is employed. This test provides insights into whether the residual

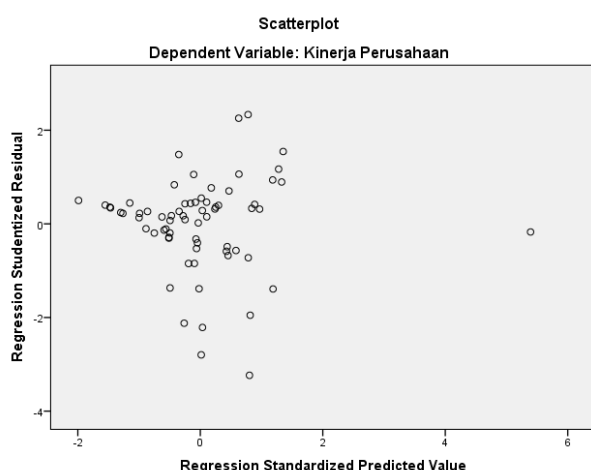
errors exhibit a significant correlation over time, thereby indicating the presence of autocorrelation issues.

Table 5
Autocorrelation Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,511 ^a	,261	,227	31395614551,07586	2,167

The results of the Durbin-Watson (DW) test indicate a value of 2.167. Comparing this value with critical values at a 95% confidence level for a sample size of 105 ($\alpha = 5\%$), the lower and upper critical values (D1 and Du) are calculated to be 1.4741 and 1.6334, respectively. The observed DW value of 2.167 falls within the range of 1.6334 to 2.3666, suggesting that there is no evidence of positive autocorrelation in the data. This finding is crucial as it supports the validity of the research model by indicating the absence of serial correlation, thereby enhancing the reliability of the statistical analysis conducted.

Furthermore, the assessment of heteroscedasticity is pivotal in ensuring the robustness of the statistical model. This research employs scatterplot tests to evaluate the presence of heteroscedasticity, which refers to the unequal variance of residuals across different levels of the independent variables. By visually examining the scatterplots, researchers can discern patterns or trends that may indicate heteroscedasticity, thereby informing the need for corrective measures or adjustments in the regression model. This test serves as an essential diagnostic tool to validate the assumptions underlying the statistical analysis and ensure the accuracy and reliability of the research findings.



The scatterplot indicates a dispersion of points across the graph, lacking a discernible pattern of distribution above and below the zero mark on the Y axis. This observation suggests a absence of heteroscedasticity, implying that the model is suitable for utilization in subsequent analyses.

Moving on to the multiple linear regression analysis, its purpose is to assess the significance of the regression coefficients and determine their impact on the research hypothesis. The results from this analysis table provide crucial insights into the

relationships between the variables under investigation. By scrutinizing the regression coefficients, researchers can discern the magnitude and direction of the relationships, thereby shedding light on the hypothesized effects. This analytical approach enables a comprehensive understanding of the factors influencing the phenomenon under study and facilitates the interpretation of research findings. Through rigorous examination of the regression coefficients, researchers can evaluate the significance of each predictor variable in explaining variations in the outcome variable. These findings serve to validate or refute the research hypothesis, thereby contributing to the advancement of knowledge in the field. In essence, the multiple linear regression analysis serves as a pivotal tool in uncovering the underlying mechanisms driving the observed phenomena and elucidating their implications for theory and practice.

Table 6
Multiple Linear Regression Results
Coefficients^a

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	-336983473683,065	80111933545,085
1 company size	13064296012,001	2850893756,905
Liquidity	-1355269731,385	1409939472,458
<i>Leverage</i>	-15242007550,517	8384708257,631

The following is the multiple linear regression equation:

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

$$Y = -336,983.473,683,065 + 13,064.296,012,001x_1 - 1,355.269.731,385x_2 - 15,242.007,550,517x_3 + e$$

Description

Y = Company Performance

a = Constant

b1...b3 = Regression coefficient

X1 = Company Size

X2 = Liquidity

X3 = *Leverage*

e = error

The results of the regression analysis reveal insightful findings regarding the relationship between various factors and company performance within the consumer goods industry. Firstly, the constant (a) of -336,983,473,683.065 suggests that when all other variables are held constant or equal to zero, the company's performance is estimated to be -336,983,473,683.065. This constant serves as a baseline for evaluating the impact of other variables on company performance.

Secondly, the coefficient for company size is estimated at 13,061,296,012.001, indicating that for every 1% increase in company size, the company's performance is projected to increase by 13,061,296,012.001 units, all else being equal. This underscores the positive influence of company size on performance, suggesting that larger companies tend to exhibit higher levels of performance within the consumer goods industry.

Conversely, the coefficient for liquidity is calculated to be -1,355,296,731.38885, indicating that a 1% increase in liquidity is associated with a decrease in company performance by -1,355,296,731.38885 units, holding other variables constant. This suggests that while liquidity is important for financial stability, excessive liquidity may adversely impact performance within the consumer goods sector.

Lastly, the coefficient for leverage is estimated at -15,242,007,550.517, suggesting that a 1% increase in leverage results in a decrease in company performance by -15,242,007,550.517 units, assuming all other variables remain constant. This highlights the detrimental effect of high leverage on company performance, underscoring the importance of prudent debt management practices within the consumer goods industry.

Overall, these results provide valuable insights into the factors influencing company performance within the consumer goods industry, emphasizing the significance of company size, liquidity, and leverage in shaping performance outcomes. By elucidating the nuanced relationships between these variables, this analysis offers actionable insights for stakeholders seeking to enhance performance and strategic decision-making within the sector.

Table 7
R Square Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,511 ^a	,261	,227	31395614551,07586	2,167

The analysis of the variables company size, liquidity, and leverage yielded an adjusted R-square value of 0.227. This indicates that approximately 22.7% of the variability in the dependent variable, company performance, can be explained by the model's independent variables. However, it's crucial to note that the remaining 77.3% of the variability is attributed to other unaccounted factors or variables not included in the model. This suggests that while company size, liquidity, and leverage play a significant role in shaping company performance, there are additional factors outside the scope of this study that also influence overall performance outcomes.

The adjusted R-square value serves as a measure of the model's goodness of fit, indicating the proportion of variance in the dependent variable that is explained by the independent variables. In this instance, the modest adjusted R-square value suggests that while the selected independent variables contribute to explaining a portion of the variance in company performance, there are other factors at play that warrant further investigation. These could include market dynamics, competitive pressures, regulatory environments, and macroeconomic conditions, among others.

While the adjusted R-square provides valuable insights into the explanatory power of the model, it's essential to interpret these findings within the broader context of the study's objectives and limitations. Despite the relatively modest proportion of explained variance, the analysis sheds light on the relationships between company size, liquidity, leverage, and performance within the consumer goods industry context. Future research endeavors may seek to delve deeper into the complexities of these relationships, exploring additional variables and employing more sophisticated analytical techniques to enhance the explanatory power of the model.

Table 8

T Test Results Coefficients^a

Model	t	Sig.
(Constant)	-4,206	,000
1 company size	4,583	,000
Liquidity	-,961	,340
Leverage	-1,818	,074

The results of hypothesis testing reveal important insights into the factors influencing company performance within the consumer goods industry. Firstly, regarding the influence of company size (Ha1), the T-test analysis yielded a significant p-value of 0.000, which is less than the predetermined significance level of 0.05. Consequently, the null hypothesis (Ho1) is rejected, while the alternative hypothesis (Ha1) is accepted. This indicates that company size exerts a discernible influence on company performance, suggesting that larger companies within the sector tend to exhibit superior performance metrics.

Conversely, when examining the impact of liquidity (Ha2) on company performance, the T-test yielded a p-value of 0.340, exceeding the designated significance threshold of 0.05. As a result, the alternative hypothesis (Ha2) is rejected, while the null hypothesis (Ho2) is accepted. These findings imply that liquidity does not significantly influence company performance within the consumer goods industry, suggesting that other factors may play a more prominent role in driving performance outcomes.

Similarly, in evaluating the effect of leverage (Ha3) on company performance, the T-test yielded a p-value of 0.074, which also exceeds the predetermined significance level of 0.05. Consequently, the alternative hypothesis (Ha3) is rejected, while the null hypothesis (Ho3) is accepted. This indicates that leverage, too, does not exert a significant influence on company performance within the consumer goods industry, implying that other variables may be more salient in determining performance outcomes.

In summary, while company size emerges as a significant determinant of company performance, liquidity and leverage do not demonstrate a statistically significant impact within the context of the consumer goods industry. These findings underscore the complex interplay of factors shaping performance outcomes within the sector, highlighting the need for further research to elucidate the multifaceted dynamics at play.

Discussion

The influence of company size on company performance is a critical aspect to consider in evaluating organizational efficacy. Company size, often gauged by the magnitude of its assets, is indicative of its operational scale and potential for productivity. Larger companies typically exhibit robust growth trajectories, facilitated by their expanded resources and enhanced access to capital markets (Brooksbank, 1991; Dwyer & Lynn, 1989). This affords them greater flexibility in attracting investments and securing substantial debts to fuel expansion initiatives. Moreover, a company's size serves as a barometer of its market standing and operational prowess, offering insights into its competitive positioning within the industry landscape.

Conversely, the effect of liquidity on company performance underscores the delicate balance between financial stability and operational efficiency. Liquidity, denoting a company's ability to meet short-term obligations using its current assets, is pivotal in ensuring financial resilience (Wang, 2002). While heightened liquidity may bolster solvency, excessive reliance on current assets to settle debts can undermine profitability (Seissian et al., 2018). This diversion of resources from operational endeavors to debt servicing compromises the company's capacity to generate profits, potentially hampering long-term growth prospects. Thus, optimal liquidity management emerges as a strategic imperative for companies seeking to optimize performance while maintaining financial prudence.

Furthermore, the impact of leverage on company performance underscores the intricate interplay between debt utilization and financial outcomes. Leverage, reflecting the extent to which a company relies on borrowed funds for operational activities, carries implications for tax liabilities and risk exposure (Chen & Zhao, 2006; Lang et al., 1996). The relationship between leverage and performance is nuanced, with both low and high leverage scenarios presenting distinct challenges and opportunities. While low leverage mitigates the risk of substantial losses, it may also curtail potential returns, particularly in favorable economic conditions (Korteweg, 2010). Conversely, high leverage amplifies profit potential but exposes the company to heightened financial risks, necessitating prudent risk management practices to mitigate adverse outcomes. Thus, the optimal level of leverage hinges on a delicate balance between risk tolerance, market dynamics, and strategic objectives (Lang et al., 1996).

In essence, the interplay between company size, liquidity, and leverage constitutes a multifaceted tapestry that shapes organizational performance and resilience. By elucidating the nuanced dynamics underlying these relationships, this study provides valuable insights for strategic decision-making and performance optimization within the consumer goods industry context.

Conclusion

Based on the results of hypothesis testing, several conclusions can be drawn to address the problem formulation regarding the factors influencing the performance of consumer goods industry issuers from the 2017-2019 Financial Audit Agency.

Firstly, it is evident that company size exerts a significant influence on the performance of consumer goods industry issuers during the specified period. This underscores the importance of scale in determining the effectiveness and success of companies within the sector. Larger companies tend to possess greater resources, market presence, and operational capabilities, enabling them to achieve superior performance outcomes compared to their smaller counterparts.

In contrast, the analysis reveals that liquidity does not wield a discernible impact on the performance of companies operating in the consumer goods industry for the years 2017-2019, as per the Financial Audit Agency data. This finding suggests that while liquidity is a crucial aspect of financial management, its direct influence on performance within this particular industry context may be relatively limited. Companies may prioritize other factors such as operational efficiency and strategic decision-making to drive performance outcomes.

Similarly, the examination of leverage indicates that it does not significantly affect the performance of consumer goods industry issuers during the specified period. This implies that the level of debt financing utilized by companies within the sector does not exert a substantial influence on their overall performance. Factors such as debt management practices, interest rate environments, and market conditions may

moderate the impact of leverage on performance outcomes, highlighting the complex interplay of variables shaping company dynamics.

In sum, while company size emerges as a pivotal determinant of performance within the consumer goods industry, liquidity and leverage exhibit a comparatively muted influence based on the findings of this study. These conclusions provide valuable insights for industry practitioners, policymakers, and stakeholders seeking to understand and enhance the performance of consumer goods companies in the Indonesian market. Further research may delve deeper into the nuanced dynamics of these factors and explore additional determinants of performance to enrich our understanding of industry dynamics and inform strategic decision-making processes.

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