
THE RELATIONSHIP BETWEEN FINANCIAL PERFORMANCE AND PROFITABILITY: AN ROA AND EPS APPROACH IN THE FOOD AND BEVERAGE INDUSTRY

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Abstract

This study aims to identify factors influencing profitability in the food and beverage sector listed on the Indonesia Stock Exchange. The novelty of this research lies in the inclusion of **sales growth** as an independent variable. The study uses panel data from 22 companies over the 2020–2024 period, totaling 110 observations. Data analysis is conducted using **panel regression** and **Ordinary Least Squares (OLS)** methods. The OLS results show that **liquidity, sales growth, efficiency, and firm size** positively affect ROA, while **working capital and leverage** have negative effects. The panel model finds that only **sales growth** significantly affects ROA. For EPS, OLS shows **working capital, efficiency, and size** as significant, while panel regression finds **working capital and efficiency** positive, and **inflation** negative. Other variables are not significant. These findings suggest that managers should improve **efficiency and scale**, while investors should prioritize firms with strong assets and efficient operations to enhance profitability.

Keywords: Earnings Per Share, Firm Efficiency, Firm Size, Return on Assets, Sales Growth

INTRODUCTION

Manufacturing companies operate in a highly competitive environment and frequently face challenges related to production costs, fluctuations in raw material prices, and shifts in market demand. The food and beverage industry is one of the fastest-growing sectors in Indonesia (Ubang, Rinofah, Sari, & Tamansiswa, 2025).

In 2023, Nurdifa (2024) analyzed the food and beverage industry, which grew by 4.47% and contributed 39.10% to the GDP (Gross Domestic Product) of the non-oil and gas processing industry, as well as 6.55% to the national GDP. Meanwhile, Haryanti Puspa Sari (2024) analyzed that this growth increased in 2024, with growth reaching 5.82% by the third quarter, contributing 40.31% to the GDP of the non-oil and gas industry and 6.92% to the national GDP.

This study aims to identify the variables that influence profitability in the food and beverage industry listed on the Indonesia Stock Exchange, with a focus on the novelty of the *sales growth* variable. The study by Nuševa *et al.*, (2025), found that *sales growth* has a positive effect on profitability. Furthermore, a study conducted by Rafli & Ikhsan, (2024) found a positive and significant relationship between *sales growth* and profitability.

This study makes a significant contribution to understanding the dynamics of the food and beverage industry, particularly in terms of the factors that affect profitability. This study expands on previous theoretical discussions by constructing a regression model through panel data analysis and the ordinary least squares (OLS) analysis technique, using key metrics such as *Return on Assets* (ROA) and *Earnings Per Share* (EPS) to quantitatively assess the factors influencing profitability (Kayani, Dsouza, Husain, Nawaz, & Hasan, 2025).

REVIEW OF LITERATURE

Profitability

Profitability is a crucial aspect for companies to maintain long-term sustainability, as it indicates whether the company has promising prospects (Utami Rahmalia, Ardhia Pramesti, Farah Margaretha Leon, 2025). A company's profitability can be measured using financial ratios, such as *Return on Assets* (ROA) (Tica, Vuković, Peštović, & Medved, 2024). Research conducted by Kayani *et al.*, (2025) explains that the factors influencing profitability are not limited to a single factor. Therefore, the study not only measures profitability using *Return on Assets* (ROA) to determine how efficiently a company generates profits from its assets but also uses *Earnings Per Share* (EPS) to indicate the amount of profit generated per share.

Liquidity

Based on the study by Zaman *et al.*, (2025), liquidity plays a crucial role in profitability, as cash flow and efficient inventory management can help keep operations running smoothly. The research by Rahmalia *et al.*, (2025) states that *the current ratio* is one of the liquidity measures that plays an important role in profitability, which is measured using ROA. According to the research by Kayani *et al.*, (2025), it is concluded that liquidity, measured using the CR, plays an important role in profitability, as measured by ROA and EPS.

Working Capital

The importance of maintaining an optimal balance between short-term assets and liabilities is crucial. Excessive investment in working capital can limit the funds available for growth investments, while insufficient investment can lead to operational inefficiency and loss of income (Rahmalia *et al.*, 2025). According to the study by Alarussi & Alhaderi (2018), working capital plays a crucial role in profitability, as measured by EPS. The research by Raza *et al.* (2024) suggests that working capital plays an important role in ROA.

Leverage

Research by G. Febrian (2025) shows that optimal use of debt can increase company profits. Although leverage in finance can increase profits, excessive debt can also increase the risk of financial difficulties (Tica *et al.*, 2024). Research results Girsang *et al.* (2025) state that leverage plays an essential role in increasing profitability.

Sales Growth

Companies with high sales growth are better able to leverage working capital efficiency to enhance their profitability (Putri Meiriska Ahmad, Angelya Ningsih, Natalia Despina Sitorus, 2025). According to Asadifard, Tamaie, & Dalvand (2023), when sales increase, company profitability also increases. Research findings Nuševa *et al.* (2025) indicate that sales growth plays a significant role in profitability, as measured by ROA. According to March & Setiawan (2025), increased sales signify an increase in company cash flow.

Firm Efficiency

Companies with few obstacles indicate that they are operating efficiently, enabling them to increase their profits or revenues (Putri, Fuad, Sofia, & Nurhayati, 2023). Based on the results of research by Jenderal *et al.* (2023), firm efficiency has a significant positive effect on profitability, as measured, among other things, by the EPS parameter. According to the research by Wasisto & Rizal (2021), company efficiency has a significant positive effect on profitability.

Firm Size

Larger companies tend to face higher operational complexity, which can make it challenging to maintain optimal profitability levels (Girsang *et al.*, 2025). Research by Kayani *et al.*, (2025) states that firm size plays a crucial role in measuring profitability. Research by Alarussi & Alhaderi (2018) indicates that firm size has a significant impact on profitability, as measured by EPS.

Inflation Rate

Increases in raw materials, energy, and operational costs, which are often affected by inflation, can reduce a company's profitability (Halik *et al.*, 2024). Research results (Halik *et al.*, 2024) show that inflation affects a company's profitability. High inflation rates can reduce consumer purchasing power, thereby decreasing a company's profits (Sofwan *et al.*, 2022).

Conceptual Framework

Based on the research results by Kayani *et al.* (2025), liquidity, measured by CR, has a significant positive effect on profitability. Based on the research by Alarussi & Alhaderi (2018), working capital has a significant positive impact on profitability, as measured by ROA and EPS. The results of the study by Zaman *et al.* (2025) indicate that leverage has a significant positive effect on profitability. The results of the study by Nuševa *et al.* (2025) sales growth has a positive impact on profitability, as measured by ROA. The results of the study by Jenderal *et al.* (2023) indicate that company efficiency has a significant positive

effect on profitability. Based on the research results of Eyasu et al. (2025), company size has a significant positive impact on profitability. Research results by Halik et al. (2024) indicate that inflation has a significant negative effect on profitability. Based on the explanation above, the conceptual framework is illustrated in the following diagram:

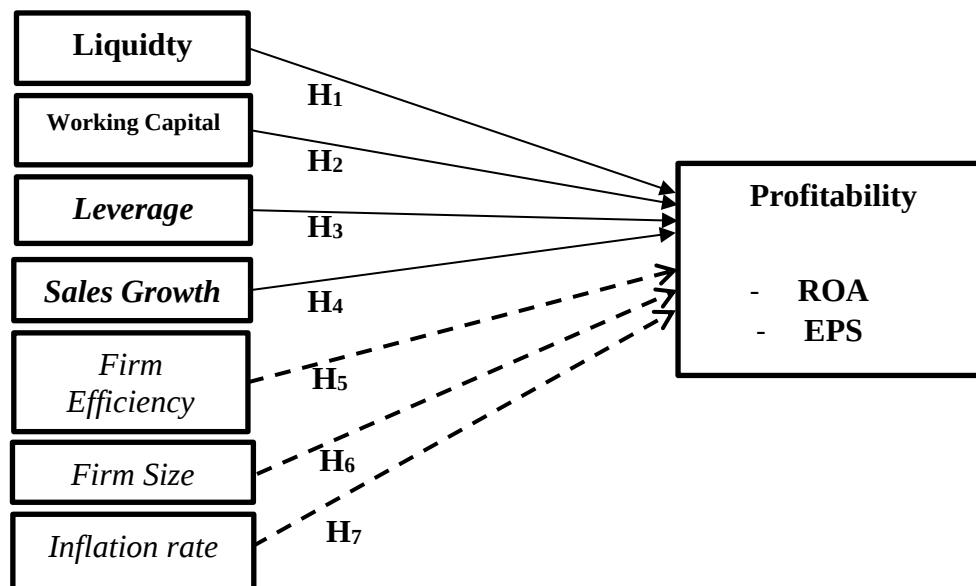


Figure 1
Conceptual Framework Diagram

Hypothesis Development

The Influence of Liquidity on Probability

According to the research results by Kayani *et al.*, (2025) liquidity measured using CR, has a significant positive effect on profitability, as measured by ROA and EPS. In line with the research by Rahmalia *et al.*, (2025) CR has a significant positive effect on profitability. However, based on the research results of Pojanavatee & Kingshott, (2025) liquidity has a negative effect on profitability. Based on the explanation provided, the following hypothesis is developed:

H₁: Liquidity has an effect on probability.

The Influence of Working Capital on Probability

According to the study by Alarussi & Alhaderi, (2018), working capital has a significant positive effect on profitability, as measured by EPS. The results of the study by Raza *et al.*, (2024) indicate that working capital has a significant positive effect on ROA. Based on the results of the study Eldomiaty *et al.*, (2023) working capital has a significant positive effect on profitability as measured by ROA. Based on the explanation provided, the following hypothesis is developed:

H₂: Working Capital has an effect on probability

The Influence of Leverage on Probability

Research by Zaman, Mubashir; Nazakat, Sana; Ahmad, Farhan; Abbas, (2025) states that leverage has a significant negative effect on profitability. In line with this research by Kayani *et al.*, (2025) leverage has a significant negative effect on profitability. According to

the research by Girsang *et al.*, (2025) leverage has a positive effect on profitability. Optimal debt usage can increase a company's profits. Based on the explanation provided, the following hypothesis is developed:

H₃: Leverage has an effect on probability

The Influence of Sales Growth on Probability

Companies with high sales growth are better able to leverage working capital efficiency to improve their profitability (Putri Meiriska Ahmad, Angelya Ningsih, Natalia Despina Sitorus, 2025). Based on the research findings of Nuševa *et al.*, (2025) sales growth has a positive impact on profitability as measured by ROA. In line with the research by (Asadifard, Tamaie, & Dalvand 2023) . Based on the explanation provided, the following hypothesis is developed:

H₄: Sales Growth has an effect on probability

The Influence of Firm Efficiency on Probability

Companies with few obstacles demonstrate that they are operating efficiently, enabling them to increase their profits or revenues (Putri *et al.*, 2023). Based on the research by Jenderal *et al.*, (2023) firm efficiency has a significant positive effect on profitability, as measured by the EPS parameter. In line with the research by (Wasisto & Rizal, 2021). Based on the explanation provided, the following hypothesis is developed:

H₅: Firm Efficiency has an effect on probability

The Influence of Firm Size on Probability

Based on the results of research Kayani *et al.*, (2025) state that firm size has a significant positive effect on profitability. According to the research results of Girsang *et al.*, (2025) firm size has a significant positive effect on profitability. In line with the research by (Alarussi & Gao, 2023). Based on the explanation provided, the following hypothesis is developed:

H₆: Firm Size has an effect on probability

The Influence of Inflation Rate on Probability

Based on the research results of Yakubu & Bunyaminu (2024) inflation has a significant positive effect on profitability. In line with the research by (Sofwan *et al.* , 2022). However, based on the research results of Halik *et al.*, (2024) inflation has a significant negative effect on profitability. Increases in operational costs, which are often affected by inflation, can reduce profitability. Based on the explanation provided, the following hypothesis is developed:

H₇: Inflation Rate has an effect on probability

RESEARCH METHOD

Variables and Measurement

The independent variables in this study are liquidity, working capital, leverage, sales growth. The control variables are firm efficiency, firm size, and inflation rate, while the dependent variable is probability, measured using Return on Assets (ROA) and Earning Per Share (EPS). This research adopts a quantitative approach, with data obtained in the form of secondary data. The data source is retrieved from the Indonesia Stock Exchange (IDX) website (<https://www.idx.co.id/>), focusing on the food and beverage industry as the research object over the past five years (2020-2024). The measurement of each variable is as follows:

Table 1
Operational Definition of Variables

Variable Table	Name Variable	Formula	Reference
Dependent Variables	Profitability	$\frac{\text{Net Income}}{\text{Total Assets}}$	Kayani <i>et al.</i> , (2025)
		EPS Laporan keuangan	Kayani <i>et al.</i> , (2025)
Independent Variables	Liquidity	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Kayani <i>et al.</i> , (2025)
	Working Capital	$\frac{\text{Working Capital}}{\text{Total Assets}}$	Kayani <i>et al.</i> , (2025)
	Leverage	$\frac{\text{Total Debt}}{\text{Total Equity}}$	Kayani <i>et al.</i> , (2025)
	Sales Growth	$\frac{S_t - S_{t-1}}{S_{t-1}} \times 100\%$	Nuševa <i>et al.</i> , (2025)
Control Variables	Firm Efficiency	$\frac{\text{Net Sales}}{\text{Average Total Assets}}$	Kayani <i>et al.</i> , (2025)
	Firm Size	The Logarithm of Total Assets	Kayani <i>et al.</i> , (2025)
	Inflation Rate	Rate inflasi BI	Kayani <i>et al.</i> , (2025)

Sampling Method

This study employs a purposive sampling method, where each company in the food and beverage industry has an equal chance of being selected. A total of 22 company listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024.

Table 2
Sample Selection Criteria

Description	Total
Companies' food and beverage listed on the Indonesia Stock Exchange (IDX)	24
A company that has not provided its financial statements for the period 2020-2024	(1)
A company whose financial statement data is incomplete during the research period	(1)
Companies eligible to be included in the sample	22
Total data used for the study	110

Source: Processed Data (2025)

The Chow Test

The results of the Chow test for the 8 research models show that all p-values from the cross-section chi-square are < 0.05 , which means that the model selected for the 8 models is FEM.

The Hausman Test

The results of the Hausman test show that five (5) models used FEM, namely ROA 1, EPS 1, EPS 2, EPS 3, and EPS 4. Three (3) models used REM because it has a p-value from random cross-section > 0.05 , namely for models ROA 2, ROA 3, and ROA 4.

Test of Coefficient Determination (R^2)

Regression model with OLS, the adjusted R^2 value is quite variable, ranging from 32.42% (ROA 2) to 94.96% (ROA 3). Regression model using Panel ranging from 12.98% (ROA 2) to 99.57% (EPS 2). The EPS model exhibits more stable and better results compared to the ROA model, can be seen on (Table 4 to 7).

Simultaneous Test (F-Test)

Model fit testing for the regression models generated using the OLS regression and the panel regression method, there is at least one variable that significantly affects the

dependent variable, namely for the 4 ROA and 4 EPS models with OLS and panel, can be seen on (Table 4 to 7).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Profitability (ROA) yielded a maximum value of 0.94357 for PSDN in 2023 and a minimum value of -0.48878 for FOOD in 2024. Profitability (EPS) shows a maximum value of 1003.0000 for STTP in 2024 and a minimum value of -60. Liquidity (CR) yielded a maximum value of 13.30906 for CAMP in 2021, and a minimum value of 0.19369 for PSDN in 2024. Working capital (WC/TA) obtained a maximum value of 0.78055 for DLTA in 2020 and a minimum value of -0.51127 for PSDN in 2024. Leverage (D/E) obtained a maximum value of 17.03699 for PSDN in 2022, and a minimum value of -23.61757 for FOOD in 2024. Sales Growth (SG) obtained a maximum value of 0.53831 for CLEO in 2023 and a minimum value of -0.83243 for PSDN in 2024. Firm Efficiency (NS/ATA) achieved a maximum value of 4.32067 for CEKA in 2024, and a minimum value of 0.05763 for ALTO in 2024. The Firm Size (S) obtained a maximum value of 14.30473 for INDF in 2024, and a minimum value of 10.68550 for FOOD in 2024. Inflation (IR) reached a maximum value of 5.51000 in 2022 and a minimum value of 1.57000 in 2024.

Table 3
Descriptive Statistics of Research Variables

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
ROA	110	-0.48878	0.94357	0.0660994	0.14899224
EPS (Rp)	110	-60.96000	1003.30000	155.5010000	249.04800543
CR	110	0.19369	13.30906	2.7395483	2.50695813
WC/TA	110	-0.51127	0.78055	0.2194701	0.27683807
D/E	110	-23.61757	17.03699	0.8918467	3.07891187
SALES GROWTH	110	-0.83243	0.53831	0.0307510	0.22286066
NS/ATA	110	0.05763	4.32067	1.0407941	0.65239245
SIZE (Rp)	110	10.68550	14.30473	12.3952373	0.79942056
INFLANTION %	110	1.57000	5.51000	2.6480000	1.48302740

Source: data processed using Eviews 12

Partial Test (t-Test)

This test determines whether each independent variable has a significant effect on the dependent variable.

H₁: The Effect of Liquidity on Profitability

Based on the analysis results using the OLS method, liquidity (CR) was found to have a significant positive effect on ROA. This aligns with study by Kayani et al., (2025) liquidity has a significant positive effect on profitability. Model EPS with OLS method and ROA with Panel method was not found to have a significant effect. This aligns with the research by Pratama & Sufina, (2023) liquidity does not affect profitability (ROA) and the research by Huang, Halim, Putri, & Ovami, (2024) liquidity does not affect profitability (EPS). Liquidity (CR) may not directly affect net profit because the current assets held by the company are passive and do not directly contribute to generating profit. High liquidity does not guarantee high EPS, other factors such as company efficiency, can have a more significant impact on company profits.

H2: The Effect of Working Capital on Profitability

The results of the analysis using the OLS method show that the working capital has a significant negative effect on ROA. These results do not align with Kayani et al. (2025) but are in line with the research by Arinta, Mardani, & Khalikussabir (2019). High working capital does not generate income but rather forms assets, thereby tending to reduce net profit. However, the results of the panel method testing indicate that the working capital variable does not affect ROA. This aligns with the research by Patamuan, Karpriana, & Yunita (2019). High working capital with a composition of unproductive working capital significantly affects the profits generated.

Profitability is measured using EPS, and working capital (WC/TA) has been proven to have a positive effect on EPS. Consistent with the profitability measurement results using EPS in the panel analysis method. This aligns with the findings of the study by (Kayani et al. 2025). The positive relationship between working capital and profitability indicates that effective working capital management increases cash flow and net profit, thereby increasing EPS.

H3: The Effect of Leverage on Profitability

The results of the analysis using the OLS method show that leverage (D/E) has a significant negative effect on ROA (estimated coefficient of 0.0262 with a p-value of $0.000 < 0.05$). These results are inconsistent with the study by Kayani et al., (2025) which states that leverage (D/E) does not have a significant effect on ROA using the OLS analysis method. However, these results are consistent with the study by Khasanah & Triyonowati (2021) leverage has a significant negative effect on profitability. Profitability is measured using EPS via the OLS and panel methods, and ROA via the panel method, showing that leverage is not proven to affect profitability. Aligns with the research of Kayani et al. (2025), which states that leverage is not proven to affect profitability.

H4: The Effect of Sales Growth on Profitability

The results of the analysis using the OLS and the panel method show that sales growth (SG) has a significant positive effect on ROA. These results are consistent with the research by Nuševa et al. (2025), which states that sales growth has a significant positive effect on profitability (ROA). However, when profitability is measured using EPS in both the OLS analysis method and the panel analysis method, SG is not proven to affect profitability (EPS). This aligns with the research by Sari, Salman, Ekonomi, & Samudra (2019). *Sales growth* does not necessarily directly increase profitability; while sales may increase, low profit margins can reduce net profit.

H5: The Effect of Firm Efficiency on Profitability

The results of the OLS method test on the four ROA models and the panel method results of ROA models 3 and 4 are in line with the research by Kayani et al. (2025), which states that firm efficiency does not have a significant effect on profitability. This indicates that companies that only focus on cost control do not necessarily demonstrate the ability to generate income. However, based on the OLS method results for the EPS 2 model and the panel test results for ROA 1, ROA 2, and the four EPS models, there is a significant positive effect. These results are inconsistent with the research by Kayani et al. (2025) but consistent with the research by Jenderal et al., (2023), which states that firm efficiency has a significant positive effect on profitability. This indicates that the more efficient a company is, the higher its profitability.

H6: The Effect of Firm Size on Profitability

The results of the OLS method for the fourth ROA and EPS models, as well as the panel method for the ROA 2, ROA 3, and ROA 4 models, are consistent with the research of Kayani et al. (2025), which states that firm size has a significant positive effect on profitability. Meanwhile, the results of the panel method for the ROA 1 model and the four EPS models align with the research by Anisa & Febyansyah (2024), which states that company size does not have a significant effect on company profitability. This condition may occur because the size of a company's assets or the scale of its operations does not necessarily reflect its ability to generate high profits. Additionally, large companies may have a large number of outstanding shares, resulting in a small profit per share.

H7: The Effect of Inflation Rate on Profitability

The results of the panel analysis show that the inflation control variable has a significant positive effect on ROA in all four models. This is in line with the research by Yakubu & Bunyaminu (2024) inflation has a significant positive effect on profitability. However, when profitability is measured using EPS in the panel analysis method, the inflation variable is found to have a significant negative effect on EPS across all four models. In line with the research by Halik et al. (2024), inflation has a significant negative effect on profitability. Negative inflation indicates that revenues and costs (such as wages, loan interest, and depreciation of currency value) increase, thereby reducing net profits available to shareholders or decreasing EPS.

The results of the analysis using the OLS method indicate that inflation has no significant effect on either the four ROA models or the four EPS models. This is consistent with the findings by Kayani et al. (2025), which state that inflation does not have a significant effect on profitability. Changes in the inflation rate during the study period may not yet have influenced the company's financial performance in a direct and significant manner.

Table 4

The Results of the Effect of CR, WC/TA, D/E, and SG on ROA Using OLS Regression

Variable	Model ROA 1		Variable	Model ROA 2		Variable	Model ROA 3		Variable	Model ROA 4	
	Coef	p-value		Coef	p-value		Coef	p-value		Coef	p-value
CR	0.0070	0.0003*	WC/TA	-2.60E-15	0.0185*	D/E	0.0181	0.0000*	SG	0.0546	0.0197*
NS/ATA	0.0161	0.0086*	NS/ATA	0.0262	0.0000*	NS/ATA	0.0258	0.0000*	NS/ATA	0.0226	0.0002*
S	0.0341	0.0000*	S	0.0530	0.0000*	S	0.0313	0.0000*	S	0.0283	0.0000*
IR	0.0021	0.2953	IR	0.0017	0.5456	IR	0.0022	0.1780	IR	0.0004	0.8613
R ²	0.6201		R ²	0.3505		R ²	0.9613		R ²	0.4366	
Adj R ²	0.6056		Adj R ²	0.3242		Adj R ²	0.9496		Adj R ²	0.4138	
Fstat	42.854		Fstat	13.357		Fstat	82.4974		Fstat	19.183	
p-value	0.0000		p-value	0.0000		p-value	0.0000		p-value	0.0000	

Source: data processed using Eviews 12

Table 5

The Results of the Effect of CR, WC/TA, D/E, and SG on EPS Using OLS Regression

Variable	Modl EPS 1		Variable	Model EPS 2		Variable	Model EPS 3		Variable	Model EPS 4	
	Coef	p-value		Coef	p-value		Coef	p-value		Coef	p-value

CR	3.1181	0.4891	WC/TA	2.01E-11	0.0000**	D/E	-5.3639	0.1015	SG	-	0.6853
NS/ATA	-4.5025	0.8057	NS/ATA	24.4317	0.0400**	NS/ATA	-2.9410	0.8709	NS/ATA	-	0.9822
S	167.3065	0.0000**	S	34.3140	0.0000**	S	165.1848	0.0000**	S	169.48	0.0000**
IR	1.2815	0.8516	IR	-0.0026	0.9993	IR	2.4917	0.7074	IR	2.0855	0.7602
R ²	0.5258		R ²	0.6793		R ²	0.5298		R ²	0.5264	
Adj R ²	0.5076		Adj R ²	0.6669		Adj R ²	0.5117		Adj R ²	0.5082	
Fstat	28.8334		Fstat	54.5583		Fstat	29.303		Fstat	28.905	
p-value	0.0000		p-value	0.0000		p-value	0.0000		p-value	0.0000	

Source: data processed using Eviews 12

Table 6
The Results of the Effect of CR, WC/TA, D/E, and SG on ROA Using Panel Regression

Variable	Model ROA 1		Variable	Model ROA 2		Variable	Model ROA 3		Variable	Model ROA 4	
	Coef	p-value		Coef	p-value		Coef	p-value		Coef	p-value
CR	-0.0029	0.2931	WC/TA	-5.05E-16	0.3213	D/E	-0.0017	0.4878	SG	0.0424	0.0000**
NS/ATA	0.0202	0.0186**	NS/ATA	0.0200	0.0484**	NS/ATA	0.0194	0.1047	NS/ATA	0.0118	0.2755
S	0.0383	0.1638	S	0.0506	0.0056**	S	0.0456	0.0053**	S	0.0391	0.0101**
IR	0.0012	0.0039**	IR	0.0021	0.0001**	IR	0.0021	0.0000**	IR	0.0010	0.0002**
R ²	0.9179		R ²	0.1636		R ²	0.1673		R ²	0.2069	
Adj R ²	0.8909		Adj R ²	0.1298		Adj R ²	0.1330		Adj R ²	0.1749	
Fstat	34.015		Fstat	4.8428		Fstat	4.8755		Fstat	6.4586	
p-value	0.0000		p-value	0.0013		p-value	0.0012		p-value	0.0001	

Source: data processed using Eviews 12

Table 7
The Results of the Effect of CR, WC/TA, D/E, and SG on EPS Using Panel Regression

Variable	Model EPS 1		Variable	Model EPS 2		Variable	Model EPS 3		Variable	Model EPS 4	
	Coef	p-value		Coef	p-value		Coef	p-value		Coef	p-value
CR	-0.1073	0.8546	WC/TA	4.97E-12	0.0023**	D/E	-0.0994	0.6459	SG	-1.2486	0.6635
NS/ATA	26.5261	0.0000**	NS/ATA	29.2528	0.0000**	NS/ATA	25.3086	0.0001**	NS/ATA	27.9629	0.0001**
S	-8.2253	0.3350	S	-15.2128	0.2900	S	-3.5465	0.8498	S	-8.8433	0.4275
IR	-0.9048	0.0000**	IR	-1.1840	0.0000**	IR	-0.7430	0.0000**	IR	-0.6291	0.0329**
R ²	0.9610		R ²	0.9967		R ²	0.9580		R ²	0.9613	
Adj R ²	0.9493		Adj R ²	0.9957		Adj R ²	0.9453		Adj R ²	0.9496	
Fstat	81.948		Fstat	1001.756		Fstat	75.7809		Fstat	82.497	
p-value	0.0000		p-value	0.0000		p-value	0.0000		p-value	0.0000	

Source: data processed using Eviews 12

Research Regression Model

The regression model used in this study can be written as follows:

- Model 1: $0.0070 \text{ LIQUIDITY} - 2.60 \text{ WORKING CAPITAL} - 0.00181 \text{ LEVERAGE} + 0.0546 \text{ SALES GROWTH} + \text{CONTROL VARIABLES (OLS)}$
 $-0.0029 \text{ LIQUIDITY} - 5.05 \text{ WORKING CAPITAL} - 0.0017 \text{ LEVERAGE} + 0.0424 \text{ SALES GROWTH} + \text{CONTROL VARIABLES (Panel)}$
- Model 2: $ROA_{it} = -0.4058 + 0.0070CR_{it} + 0.0161NS/ATA_{it} + 0.0341S_{it} + 0.0021IR_{it}$ (OLS)
 $ROA_{it} = -0.43903 - 0.0029CR_{it} + 0.0202NS/ATA_{it} + 0.0383S_{it} + 0.0012IR_{it}$ (Panel)
- Model 3: $ROA_{it} = -0.6279 - 2.60WC/TA_{it} + 0.0262NS/ATA_{it} + 0.0530S_{it} + 0.0017IR_{it}$ (OLS)
 $ROA_{it} = -0.5998 - 5.05WC/TA_{it} + 0.0200NS/ATA_{it} + 0.0506S_{it} + 0.0021IR_{it}$ (Panel)
- Model 4: $ROA_{it} = -0.3531 - 0.00181D/E_{it} + 0.0258NS/ATA_{it} + 0.0313S_{it} + 0.0022IR_{it}$ (OLS)
 $ROA_{it} = -0.5366 - 0.0017D/E_{it} + 0.0194NS/ATA_{it} + 0.0456S_{it} + 0.0021IR_{it}$ (Panel)

Model 5	$ROA_{it} = -0.3260 + 0.0546SG_{it} + 0.0226NS/ATA_{it} + 0.0283S_{it} + 0.0004IR_{it}$ (OLS) $ROA_{it} = -0.4484 + 0.0424SG_{it} + 0.0118NS/ATA_{it} + 0.0391S_{it} + 0.0010IR_{it}$ (Panel)
Model 6	$EPS_{it} = -1968.711 + 3.1181CR_{it} - 4.5025NS/ATA_{it} + 167.30S_{it} + 1.2815IR_{it}$ (OLS) $EPS_{it} = 224.725 - 0.1073CR_{it} + 26.5261NS/ATA_{it} - 8.2253S_{it} - 0.9048IR_{it}$ (Panel)
Model 7	$EPS_{it} = -414.63 + 2.01WC/TA_{it} + 24.4317NS/ATA_{it} + 34.314S_{it} - 0.0026IR_{it}$ (OLS) $EPS_{it} = 288.137 + 4.97WC/TA_{it} + 29.252NS/ATA_{it} - 15.212S_{it} - 1.1840IR_{it}$ (Panel)
Model 8	$EPS_{it} = -1935.225 - 5.3639D/E_{it} - 2.9410NS/ATA_{it} + 165.18S_{it} + 2.4917IR_{it}$ (OLS) $EPS_{it} = 167.388 - 0.994D/E_{it} + 25.3086NS/ATA_{it} - 3.5465S_{it} - 0.7430IR_{it}$ (Panel)
Model 9	$EPS_{it} = -1995.428 - 19.871SG_{it} - 0.4568NS/ATA_{it} + 169.48S_{it} + 2.0855IR_{it}$ (OLS) $EPS_{it} = 229.9061 - 1.2486SG_{it} + 27.9629NS/ATA_{it} - 8.8433S_{it} - 0.6291IR_{it}$ (Panel)

Where:

ROA	= Return on Assets
EPS	= Earning Per Share
i	= Period
t	= Year
CR	= Current Ratio
WC/ATA	= Working Capital
SG	= Sales Growth
D/E	= Leverage
NS/ATA	= Firm Efficiency
S	= Firm Size
IR	= Inflation Rate
β_0	= Contant
$\beta_1 \beta_2 \beta_3$	= Regression Coefficient

CONCLUSION

Based on empirical findings, the OLS analysis method shows more influence between variables compared to panel data. The results of the study show that working capital and leverage variables have a negative effect on profitability (ROA), indicating that the company's current assets are passive and do not directly contribute to generating profits (ROA). On the other hand, firm size and firm efficiency have a positive effect on consistent profitability, as shown by both OLS and panel methods. This suggests that companies with large total assets do not necessarily generate high profitability without optimal efficiency. This study is expected to provide deeper insight into the company's financial performance, especially in terms of company size and efficiency. Financial managers are expected to formulate the right strategy for managing assets and resources to maximize company profits. Likewise, investors can use this information to evaluate whether the company can manage its assets efficiently to generate optimal profits.

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