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COMPANY FINANCIAL PERFORMANCE: THE ROLE OF CAPITAL STRUCTURE, RENTABILITY, AND LIQUIDITY IN FOOD AND BEVERAGE MANUFACTURING SUBSECTOR COMPANIES FOR THE 2022-2024 PERIOD

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ABSTRACT

Businesses in the food and drink manufacturing subsector encounter a number of challenges that could impact their capacity to turn a profit and sustain financial success. Consideration of internal factors including capital structure, rentability, and liquidity may improve a company's financial performance. Capital structure, rentability, and liquidity are the three main focuses of this study, which intends to analyze the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange from 2022 to 2024. This research employs a quantitative technique predicated on a theory of causation. As part of the sample technique, purposive sampling is used. Financial reports from manufacturing businesses are utilized as research data, and panel data regression using EViews 13 is used to analyze them. The research found that when capital structure, rentability, and liquidity are considered together, they have a favorable and substantial impact on financial performance. Capital structure and rentability have a positive and substantial effect on financial performance, but liquidity has little effect. The highest regression coefficient value indicates that rentability is the most important component in determining financial success. Capital structure management, rentability enhancement, and liquidity control are three areas that may improve the company's financial performance.

Keywords: *Financial performance, capital structure, rentability, liquidity, panel data regression.*

INTRODUCTION

The increasingly complex and competitive global economy requires companies to have strong financial resilience to be able to face changes in the business environment, economic uncertainties, and tighter market competition (Kraus et al., 2023). This situation pushes companies to improve operational efficiency, utilize technology, and strengthen competitiveness to maintain continuity and company performance (Asmin et al., 2024) For manufacturing companies, financial performance is an important aspect because this sector plays a strategic role in supporting economic growth and the development of national industries (Hacini et al., 2021).

Supplying consumer requirements, producing employment, and propelling industrial expansion are all ways in which the food and beverage subsector contributes significantly to the national economy. With a significant impact on the country's GDP (https://l1nq.com/olf9X, viewed on October 15, 2025), this subsector is a major player in

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the processing industry. Despite the industry's promising future, businesses in the food and drink subsector nevertheless confront a number of obstacles, including volatile raw material prices, shifting consumer spending habits, fiercer competition, and an ever-changing economic landscape. To keep operations running smoothly and increase trust among investors, organizations must keep up their efficiency and financial performance. (Nguyen et al., 2021; Ozili & Arun, 2022).

A company's financial success reflects how well it uses its resources to accomplish its objectives (Hery, 2021). In order to boost company profits, innovative thinking is essential (Asmin et al., 2021). Profit growth is used as a metric for financial success in this research. According to the data that was analyzed, manufacturing enterprises in the food and beverage subsector saw varying average profit growth from 2022 to 2024. For the years 2022–2024, we have provided the average profit growth rate of food and beverage manufacturing enterprises. Figure 1 shows the average profit growth of food and beverage manufacturing enterprises.

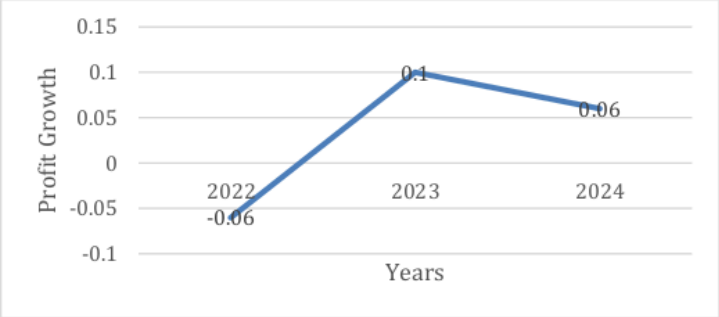


Figure 1. Average Profit Growth Ratio of Manufacturing Companies in the Food and Beverage Subsector for the 2022-2024 Period
Source: Processed data, 2025

Companies' average profit increase varied from 2022 to 2024, as shown in Figure 1. Profits fell in 2022, with an average growth rate of -0.06. After that, it went up to 0.10 in 2023. Profit growth, however, dipped to 0.06 in 2024. If a company's profit growth is positive, then it means it is becoming better at making money, and if it is negative, then it means it is becoming worse. This is according to Hery.

The fluctuating pattern of profit growth is indicative of the dynamic character of the food and beverage industry's financial performance. The need of looking into possible internal financial factors that are associated with variances in company performance is shown by this case. Rentability, liquidity, and capital structure are measures of a company's capacity to satisfy short-term commitments, make a profit with its existing assets, and maximize the use of stock and debt. In order to understand the financial situation of food and drink manufacturing firms listed on the Indonesia Stock Exchange, it is crucial to examine these elements. Brigham & Houston (2021) Explain that capital structure refers to the ideal capital composition that a firm achieves by combining debt

and equity financing of its assets. The capital structure of a firm is defined as the mix of stock and debt that it uses to finance its day-to-day operations (Han et al., 2019). One important measure of a company's financial health is its rentability, or its capacity to turn its assets and money into profit (Kasmir, 2020). A company's capacity to maximize revenues via efficient resource management is reflected in its rentability (Alarussi & Gao, 2023). In order to keep operations operating smoothly, a corporation needs liquidity, which is defined as the capacity to satisfy short-term commitments using the present assets at its disposal (Harahap, 2020). Another indicator of liquidity is the amount of money a business has on hand that can be spent right away to pay its bills(Bolek & Wilinski, 2012).

Agency theory and signaling theory provide explanations for a company's financial success. According to Agency Theory, managers should act as agents for the benefit of their shareholders by making good use of the company's resources(Jensen & Meckling, 1976). Companies, according to Signaling Theory (Spence, 1973). send signals to investors about their financial situation and future prospects via the information they provide. One way to look at a firm's financial success is via its capital structure, rentability, and liquidity. These metrics reveal how well a company manages its financing, makes profits, and can pay its short-term commitments.

There has been a lot of research on what variables affect financial success, but the conclusions have been inconsistent. Capital structure was determined to have a positive and statistically significant impact on financial performance by Prekazi et al. (2023) but to have no effect at all by Fajar et al. (2025) Contrary to what Iswati & Salamah (2024) discovered, Safitri et al. (2025) shown that rentability significantly and positively affects financial performance. Furthermore, fiscal performance is positively and significantly impacted by liquidity Khoza (2025) whereas fiscal performance is not significantly impacted by liquidity (Februarito et al., 2021).

Financial metrics and business success at food and drink enterprises in Indonesia have been the subject of recent research. Prisca & Hwihanus (2025) examined the connection between capital structure, liquidity, and return on assets from the perspective of asset utilization Meutya & Suriono (2026) examined the connection between capital structure, liquidity, and other company characteristics via the medium of profitability. Financial ratios are still helpful for characterizing a company's performance, according to these research, but they use other measurements and model parameters. Capital structure, rentability, liquidity, and profit growth are examined through the prism of food and beverage manufacturing companies listed on the Indonesia Stock Exchange from 2022 to 2024 in this study, which builds upon prior research. By using a new performance measure and a more restricted observation period, this research adds to the existing empirical data by investigating whether these three financial aspects together explain variations in profit growth over the post-pandemic era.

RESEARCH METHOD

A quantitative strategy based on a causality approach is used in this work. Statistical

analysis is used to examine the hypotheses that have been established in quantitative research, which entails gathering numerical data (Martono, 2016). In order to understand the impact of one variable on another, causal research seeks to explore cause-and-effect correlations (Sekaran & Bougie, 2020).

An operational definition is provided for each variable in this research to make measurement and analysis easier. Based on the indicators and measuring techniques employed in this research, the operational definitions clarify how each variable is measured. Table 1 displays the study variables' operational definitions.

Tabel 1. Operational Definition of Variables

Variable	Operational Definition	Measurement	Scale
Capital Structure (X1)	Capital structure is the combination of using debt and equity to finance a company's assets in order to achieve an optimal funding mix (Brigham & Houston, 2021).	Debt to Equity Ratio (DER) = Total Debt / Total Equity	Rasio
Rentability (X2)	Rentability is a company's ability to generate profit by effectively utilizing its assets and capital (Kasmir, 2020).	Return on Assets (ROA) = Net Income / Total Assets × 100%	Rasio
Liquidity (X3)	liquidity is a company's ability to meet its short-term obligations using the current assets it owns (Harahap, 2020).	Current Ratio (CR) = Current Assets / Current Liabilities	Rasio
Financial Performance (Y)	Financial performance is a depiction of the level of a company's success in managing economic resources effectively and efficiently (Hery, 2021).	Profit Growth (PG) = (Current Year's Profit − Previous Year's Profit) / Previous Year's Profit × 100%	Rasio

Source: Data processed, 2025

Financial performance is the dependent variable in this research, with capital structure, rentability, and liquidity serving as the independent variables according to the operational definitions given in Table 1. Measure financial performance with profit growth, liquidity with cash ratio monitoring, rentability with return on equity (DER), and financial health with debt to equity ratio analysis. The goal of these metrics is to assign a numerical value to each independent variable so that we may examine their impact on the financial performance of food and beverage manufacturing companies listed on the Indonesia Stock Exchange from 2022 to 2024. Capital structure (X1), rentability (X2), and liquidity (X3) are three study variables that, as shown in Figure 2, are arranged inside a conceptual framework that shows how they affect financial performance (Y).

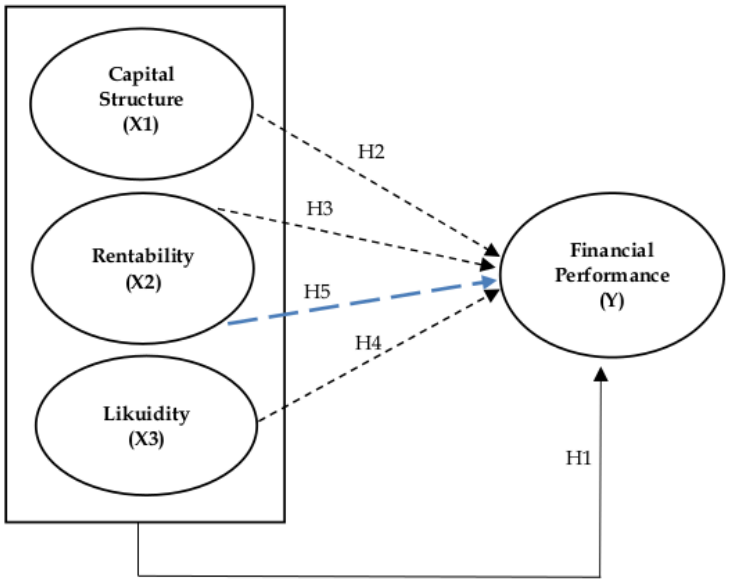


Figure 2. Framework of Thinking

Notes for Figure 2

: Simultaneous effect, the effect caused by independent variables on the dependent variable at the same time.

: Partial effect, the effect caused by independent variables separately on the dependent variable.

: Dominant effect, the effect caused by the independent variable that has the greatest influence on the dependent variable.

Companies listed on the Indonesia Stock Exchange that are involved in food and beverage production make up the research population. This study's sample was selected using purposive sampling, a method that takes into account certain criteria that are pertinent to the research goals (Arikunto, 2020). The reason for using a purposeful sampling strategy is that not all manufacturing organizations fulfilll the requirements for data completeness needed to quantify all of the study variables. Here are the sample criteria utilized in this study: Tabel 2 shows the criteria that were used to define the research sample.

Table 2. Research Sample Criteria

Description	Total
Population: manufacturing companies listed on the IDX	83
Sample selection based on criteria (Purposive sampling):	
1. Companies not listed on the IDX consecutively from 2022-2024	(19)
2. Companies that did not report financials for the 2022-2024 period	(24)
3. Companies that do not use the IDR currency	(8)
4. Companies that did not earn profit before and after tax	(15)

Sample	17
Observation (n × research period) (17 × 3 years)	51

Source: IDX (Data processed, 2025)

In the beginning, there were eighty-three manufacturing businesses that were listed on the Indonesia Stock Exchange (IDX), as shown in Table 2. Seventeen businesses were considered for the study's sample after the purposive sampling criteria were applied. As a whole, 51 observations were made during the course of the three-year study (2022–2024).

Methods such as documentation and literature reviews were used to gather data for this investigation. The yearly reports of manufacturing companies are the sources of the data used in this research. The corporations themselves, the IDX website, Yahoo Finance, and the paperwork were among the places these reports were culled from, as detailed by Arikunto (2020) Academic books and journals were searched for relevant papers by the specialists who worked on the literature evaluation.

Researchers used panel data regression analysis in conjunction with EViews 13 to examine the data for this investigation. Panel data, as defined by Widarjono (2018) is a compilation of cross-sectional and time-series data acquired at several points in time. Three tests—the Chow, Hausman, and Lagrange Multiplier (LM)—are used to find the best panel regression model. In order to conduct the regression analysis, the Random Effect Model (REM) was selected from the pool of possible models. In hypothesis testing, the independent variables' model-explanation abilities, interdependencies, and cumulative effects are examined using the t-test, the F-test, and the coefficient of determination (R^3).

RESULTS AND DISCUSSION

Results

Model Selection Test

Selecting an appropriate model is critical in panel data regression analysis for producing more reliable estimations that are consistent with the data's inherent properties. Several tests, including the Chow, Hausman, and Lagrange Multiplier (LM) tests, are used to pick a panel data regression model Widarjono (2018).

Chow Test

The Chow test compares two models the Common Effect Model (CEM) and the Fixed Effect Model (FEM) to find out which one is superior. As per the findings of Napitupulu et al. (2021), when the Cross-section F probability value is less than 0.05, the Fixed Effect Model (FEM) is chosen as the Chow test model. If, on the other hand, the Cross-section F probability value is greater than 0.05, the Common Effect Model (CEM) is used. Table 3 shows the outcomes of the Chow test that was performed for this research.

Table 3. Chow Test Result

Effects Test	Statistic	d.f.	Prob.

Cross-section F	10.238413	(16,31)	0.0000
Cross-section Chi-square	93.741118	16	0.0000

Source: EViews Output, 2026

The results of the Chow test are shown in Table 3. The Cross-section F probability value is 0.0000, which is less than the significance threshold of 0.05. This proves that the FEM model is superior than the Common Effect Model (CEM). After the Chow test determined that the Fixed Effect Model (FEM) was the best fit, the next stage in testing is to compare the FEM against the Random Effect Model (REM) using the Hausman test.

Hausman Test

The purpose of doing the Hausman test is to determine the relative merits of the Fixed Effect Model (FEM) and the Random Effect Model (REM). We compare the Cross-section random probability value at a 5% significance level (0.05) to complete this test. For cross-sectional random values less than 0.05, the Fixed Effect Model (FEM) is chosen as the model; for cross-sectional random values more than 0.05, the Random Effect Model (REM) is used. This investigation's results from the Hausman test are shown in Table 4.

Table 4. Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.633979	3	0.1308

Source: EViews Output, 2026

Figure 4 shows that the probability value of 0.1308 for the Hausman test is greater than the significance level of 0.05. As a result, we go with the REM over the FEM and accept the null hypothesis. That is why the Random Effect Model (REM) will be used in the subsequent regression analysis.

Lagrange Multiplier Test

By comparing the Common Effect Model (CEM) with the Random Effect Model (REM) using the Lagrange Multiplier (LM) test, the optimal regression model may be determined. This test determines the most accurate estimate by comparing the common effects model with the random effects model. What matters most is how the Breusch-Pagan test turns out. If the probability value is less than 0.05, then the Random Effect Model (REM) may be used. However, when the probability value is greater than 0.05, the Common Effect Model (CEM) is used. The results of the Lagrange Multiplier test are shown in Table 5.

Table 5. Hausman Test Result

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	23.24683 (0.0000)	1.002588 (0.3167)	24.24941 (0.0000)

Source: EViews Output, 2026

Based on the data in Table 5, the probability value of the Breusch-Pagan test was 0.0000, which is lower than the 0.05 significance level. We may proceed to test alternative hypotheses after rejecting the null hypothesis, given that the REM is preferable than the CEM. Hence, the REM is selected as the appropriate regression model for this study.

Panel Data Regression Analysis

This inquiry was best fitted by the Random Effect Model (REM), according to the Chow, Hausman, and Lagrange Multiplier (LM) tests. The REM approach is used in the panel data regression analysis of this research. Table 6 displays the results of the panel data regression.

Table 6. Panel Data Regression Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 10/19/26 Time: 10:37
Sample: 2022 2024
Periods included: 3
Cross-sections included: 17
Total panel (balanced) observations: 51
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.854818	0.636437	-1.343130	0.1857
X1	3.736280	0.805804	4.636713	0.0000
X2	17.90928	3.604525	4.968554	0.0000
X3	0.231076	0.544500	0.424381	0.6732

Source: EViews Output, 2026

Based on the results of the panel data regression test in Table 6, the following model was obtained:

$$\mathbf{Y = -0.854818 + 3.736280X1 + 17.90928X2 + 0.231076X3 + e}$$

The interpretation of this panel data regression equation can be explained as follows:

a. The financial performance (Y) value is -0.854818 if the variables capital structure (X1), rentability (X2), and liquidity (X3) are maintained at a constant or zero value.
b. A positive and significant influence on financial performance is caused by the capital structure variable (X1), which has a coefficient of 3.736280 and a probability value of 0.0000 (<0.05). This indicates that, everything else being equal, a 3.736280 rise in financial performance will accompany a one unit increase in the capital structure.
c. The rentability variable (X2) significantly and positively affects financial

performance, as shown by its 17.90928 coefficient and 0.000 (<0.05) probability value. Assuming all else stays the same, this means that a 17.90928 boost to financial performance will result from a one unit improvement in rentability.

d. With a probability value of 0.6732 (>0.05) and a regression coefficient of 0.231076, the liquidity variable (X3) shows that liquidity affects financial performance positively but insignificantly. So, assuming all else stays the same, a 0.231076 unit gain in financial performance is linked to every one unit rise in liquidity.

Hypothesis Test Results

Simultaneous Test Results (F Test)

When looking for a simultaneous effect of the independent factors on the dependent variable, the F test is the way to go. To determine if capital structure, rentability, and liquidity all have an impact on financial performance, this research employs the F test. With a significance threshold of $\alpha = 0.05$, the F table in this research is computed as follows: $df_1 = k = 3$, and $df_2 = n - k - 1 = 51 - 3 - 1$, or 47. Thus, 2.80 is the result from the F table. Table 7 below displays the results of the F test for this investigation.

Table 7. F Test Results

R-squared	**0.543812**	**Mean dependent var**	**0.761574**
Adjusted R-squared	0.514694	S.D. dependent var	0.914845
S.E. of regression	0.637317	Sum squared resid	19.09010
F-statistic	18.67594	Durbin-Watson stat	1.498015
Prob(F-statistic)	0.000000		

Source: EViews Output, 2026

The computed F-statistic is 18.67594, according to Table 7. The 0.000000 significance value is less than the presumption of significance (0.05). Consequently, we reject H_0 and accept H_a, which means that between 2022 and 2024, there is a statistically significant influence of Capital Structure, Rentability, and Liquidity on Financial Performance in food and beverage manufacturing businesses listed on the Indonesia Stock Exchange.

Partial Test Results (t-Test)

To find out how capital structure, rentability, and liquidity all influence financial performance, we may break them down into their distinct effects using the t-test. At $\alpha = 0.05$ (one-tailed test), the t-table value of 2.012 is determined using the formula $df = n - k - 1$, which is $51 - 3 - 1$. Table 8 below displays the results of the t-test.

Table 8. t-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.854818	0.636437	-1.343130	0.1857
X1	3.736280	0.805804	4.636713	0.0000
X2	17.90928	3.604525	4.968554	0.0000
X3	0.231076	0.544500	0.424381	0.6732

Source: EViews Output, 2026

Based on Table 8, the influence of each independent variable on the dependent variable can be explained as follows:

The Influence of Capital Structure on Financial Performance

After running the t-test, we find that the Capital Structure variable X1 has a t-statistic of 4.636713, which is more than the t-table value of 2.012 (4.636713 > 2.012), and a significance value of 0.0000, which is less than 0.05. A positive regression coefficient is shown with a value of 4.294990. Capital Structure has a favorable and substantial effect on Financial Performance, as this illustrates. As a conclusion, we will adopt Hypothesis 2.

The Influence of Rentability on Financial Performance

The t-test analysis shows that the Rentability variable (X2) has a t-statistic of 4.968554, which is more than the t-table value of 2.012 (4.968554 > 2.012) and has a significance value of 0.0000, which is less than 0.05. This demonstrates that Rentability and Financial Performance are positively and statistically related. The last conclusion is that Hypothesis 3 is accepted.

The Influence of Liquidity on Financial Performance

With a t-statistic value of 0.424381 (0.424381<2.012) and a significance value of 0.6732 (greater than 0.05), the t-test findings show that the X3 variable, representing liquidity, is statistically significant. This demonstrates that liquidity has no appreciable effect on financial performance. That being the case, we reject Hypothesis 4 as false.

Dominant Variable

Of the three independent variables included in the regression analysis, Rentability's coefficient of 17.90928 is the greatest, followed by Capital Structure's coefficient of 3.736280 and Liquidity's coefficient of 0.231076. This suggests that Rentability is the most important variable in the predicted regression model, as it has the highest regression coefficient. The results show that we may accept Hypothesis 5.

Coefficient of Determination (R2)

To determine the extent to which the independent variables may explain the dependent variable, one uses the coefficient of determination. Using the Adjusted R Square value, we can get the coefficient of determination in this research. In Table 9 below, you can see the results of the coefficient of determination test that was conducted

in this research.

Table 9. Coefficient of Determination (R2)

R-squared	**0.543812**	**Mean dependent var**	**0.761574**
Adjusted R-squared	0.514694	S.D. dependent var	0.914845
S.E. of regression	0.637317	Sum squared resid	19.09010
F-statistic	18.67594	Durbin-Watson stat	1.498015
Prob(F-statistic)	0.000000		

Source: EViews Output, 2026

Table 9 demonstrates that 51,47% of the variation in the company's financial performance can be explained by the characteristics of capital structure, rentability, and liquidity (with an Adjusted R Square value of 0.514694). The remaining half-and-a-half percent is due to factors that were not included of the research model.

Discussion

The Influence of Capital Structure, Rentability, and Liquidity on Financial Performance

How Rentability, Liquidity, and Capital Structure Affect Financial Results

If debt and equity financing are well-managed, a company's capital structure has a positive and substantial effect on financial performance. A company's capital structure shows the composition of its finances. (Brigham & Houston, 2021), According to (Kasmir, 2020), rentability is a measure of a company's capacity to make profits, whereas liquidity is a measure of its capacity to satisfy short-term commitments (Harahap, 2020). Theoretical frameworks like as agency theory (Jensen & Meckling, 1976), and signaling theory(Spence, 1973), may shed light on these connections by explaining how financial data conveys an organization's potential to investors.

Previous study has not yet investigated the relationship between financial performance, capital structure, profitability, liquidity, and leverage all at once. Financial performance is positively and significantly affected by liquidity, leverage, and capital structure all at once Pertiwi & Masitoh (2022) Similarly, Iswati & Salamah (2024) found that liquidity, activity, solvability, and profitability all had an impact on financial performance at the same time. Consequently, the study's findings offer credence to the idea that all four of these factors influence financial results in tandem.

Capital Structure Has a Positive and Significant Impact on Financial Performance

Findings demonstrate a favorable and statistically significant relationship between capital structure and financial performance, suggesting that well-managed debt and equity financing may boost financial outcomes Brigham & Houston (2021), state that figuring out the right mix of debt and equity funding is what capital structure is all about. A company's capacity to create profit is enhanced by the optimal use of financial sources,

which is made possible through proper capital structure management(Hery, 2021). Financing choices convey information about a company's financial health and future prospects to investors, according to signaling theory (Spence, 1973). This conclusion is in line with this hypothesis. In addition, according to agency theory, it is the duty of management to maximize shareholder value and financial performance via prudent use of corporate resources and financing choices (Jensen & Meckling, 1976).

Prior studies have shown that capital structure significantly affects financial performance, and this study's findings are in line with those Prekazi et al. (2023), Ronoowah & Seetanah (2023), and Gunawan et al. (2022), he results of this study contradict those of Fajar et al. (2025) and Satriawan & Lestari (2025), wo other studies that found no correlation between capital structure and financial success.

Rentability Has a Positive and Significant Impact on Financial Performance

According to the findings, rentability significantly improves a business's bottom line. Furthermore, rentability is the single most important factor determining financial success. The capacity of a business to maximize its profit is a measure of how well its management has used the resources at their disposal (Kasmir, 2020). If a corporation has a high rentability, it means it can successfully produce profits, according to signaling theory (Spence, 1973). This data shows that the firm has promising future and may generate profits for its owners, which might make investors more confident. A company's financial success is directly correlated to its rentability. Managing the company's resources in line with shareholder interests is reflected in high earnings, according to agency theory (Jensen & Meckling, 1976). With a high rentability, management has shown they can keep conflicts of interest to a minimum and maximize earnings by making the most of the company's assets. The enhancement of the company's financial performance is eventually affected by this. An key component in understanding the profit growth of manufacturing enterprises is a company's capacity to earn profits, as shown by the fact that rentability is the most dominating variable in this research. Implications for operational efficiency and cost management to sustain profitability are raised by this discovery. This agrees with the findings of Handoyo et al. (2023), who discovered that operational efficiency significantly improves the performance of manufacturing companies. Investors may use rentability as a measure of a company's profitability and a foundation for their investment choices. (Belo et al., 2025).

Previous research by Iswati & Salamah (2024) and Yulianto (2025), confirmed that rentability significantly affects financial performance, lending credence to the findings of this study. Safitri et al. (2025), on the other hand, found the opposite to be true; they found that profitability had no effect on financial success.

Liquidity Has No Significant Effect on Financial Performance

The findings demonstrate that liquidity does not impact financial performance in a substantial way, suggesting that fluctuations in liquidity do not impact the increase of profits. The capacity of a business to satisfy its immediate financial commitments is a

measure of its liquidity Harahap (2020), According to Brigham & Houston (2021) a high current ratio might indicate that current assets, such receivables or inventories, are not being managed efficiently, which could impact profitability. Having a lot of cash on hand could show that a business can pay its bills in the near term, but it doesn't always mean that profits will be going up (Spence, 1973). Additionally, according to agency theory, it is the duty of management to distribute corporate resources effectively (Jensen & Meckling, 1976). Companies listed on the Indonesia Stock Exchange that produce food and drinks may not be able to rely only on liquidity to boost their financial performance from 2022 to 2024.

Febrianto et al. (2021) and Ariansyah et al. (2023) also discovered that liquidity does not significantly affect financial performance, which is in line with the conclusions of this study. On the other hand, Khoza (2025) and Kensa & Ekadjaja (2025), and Hacini et al. (2021) and Warisi & Kurniawan (2024), disagreed and concluded that liquidity significantly and positively affects financial performance. At the same time, a detrimental and statistically significant impact on financial performance was shown by

Dominant Variable Affecting Financial Performance

Among the many factors impacting the bottom line of food and drink producers trading on the Indonesia Stock Exchange between 2022 and 2024, rentability stands head and shoulders above the crowd. According to this discovery, one of the most important aspects of a company's financial success is its capacity to make a profit. The capacity of a business to turn a profit after deducting all of its operating expenditures is known as rentability. If a business can consistently turn a healthy profit, it means its operations are running well and its assets are being managed effectively (Brigham & Houston, 2021). High rentability, according to signaling theory (Spence, 1973). gives investors confidence in a company's capacity to generate profits and remain in operation. On the other hand, agency theory states that a high rentability indicates that management has been successful in allocating the company's resources to satisfy the interests of shareholders (Jensen & Meckling, 1976). As a result, a company's financial success is positively correlated with its rentability. Based on these results, rentability, rather than capital structure or liquidity, is the most important component in enhancing financial performance. According to prior studies, rentability is the most important factor affecting a company's bottom line Iswati & Salamah (2024) and Yulianto (2025) which shown that rentability is the most important factor in determining a business's bottom line.

Distinct from other previous research on Indonesian food and beverage firms that have investigated financial performance using various model parameters and outcome measures, this study stands out by using profit growth as a measure of financial success. Prisca & Hwihanus (2025) looked at capital structure, liquidity, and asset utilization as drivers of profitability as measured by return on assets, while Meutya & Suriono (2026) looked at capital structure and liquidity with other corporate factors, with profitability as an intermediary variable. This study expands upon previous research by analyzing the Indonesia Stock Exchange-listed food and beverage manufacturing businesses' financial

performance (profit growth) in 2022–2024 through the lenses of capital structure, rentability, and liquidity all at once. This research adds to the existing body of empirical data on the post-pandemic period's financial success as a function of the chosen financial measures by using profit growth to quantify changes in profits between periods.

CONCLUSION

Listed food and beverage manufacturers on the Indonesia Stock Exchange between 2022 and 2024 had favorable and statistically significant impacts on financial performance due to capital structure and rentability, while liquidity had no such effect. Rentability was the most prominent variable in the estimated model, indicating that the capacity to create profits and the efficient management of capital structure are major factors in explaining variances in financial performance. At the same time, financial performance is influenced by the three independent variables, which account for 51.47% of the variance; the remaining 48.53% is explained by factors that are not part of the study model. These results provide investors useful information for assessing a company's financial performance and emphasize the significance of prudent financing selections and profitability management.

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