The Management Journal of BINANIAGA Vol.10, No.1, June 30, 2025
p-ISSN: 2527-4317, e-ISSN: 2580-149x
5th Accreditation Rating: December 31, 2020 -June 30, 2025

Research.

Analysis of Debt Policy, Company Size, and Liquidity on Financial Performance

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Received: June 2, 2025 Accepted: June 28, 2025 Published: June 30, 2025

To cite this article: Adam, A., Munandar, A., & Mukhlis,M., (2025). Analysis of Debt Policy, Company Size, and Liquidity on Financial Performance. *The Management Journal of BINANIAGA* 10 (1). 81-100 doi: 10.33062/mjb.v10i01.96

Abstract. *This study aims to analyze the impact of debt policies, company size, and liquidity on financial performance in household goods retail subsector companies listed on the Indonesia Stock Exchange for the 2021–2023 period. A quantitative approach was used using multiple linear regression analysis. The sample consisted of 10 companies selected through purposive sampling. The results of the partial test showed that debt policies, company size, and liquidity did not have a significant effect on financial performance based on the Return on Equity (ROE) indicator. Similarly, simultaneous tests revealed that these three independent variables collectively did not significantly affect financial performance. These findings suggest that, within this subsector, other elements such as operational efficiency levels, updates, or marketing strategy steps can have a greater decisive role in shaping a company's profit performance. As a result, management must consider broader variables to improve financial outcomes and competitiveness in the retail industry.*

Keyword: ***debt policy; financial performance; liquidity; retail; company size***

INTRODUCTION

Background

The household goods retail sector is included in the industrial subsector that has a role in becoming a vital element in the Indonesian economic system. Companies engaged in this subsector play a role in meeting people's needs for various household products, ranging from electronic equipment, furniture, to daily needs. The growth and expansion of the retail sector has a promising prospect to drive the improvement of the national economy, coupled with its very rapid pace. Over time, Indonesia's population continues to increase, which makes this sector have a significant role in the structure of Indonesia's economy (Handayani et al., 2023). Along with economic growth and changes in people's consumption patterns, the household goods retail industry faces challenges in maintaining optimal financial performance.

The company's financial performance can be used as one of the main benchmarks used by stakeholders to assess the Company's success and health. In the era of globalization and increasingly fierce business competition, companies are required to not only focus on achieving profitability but also on good company management (Pramanaswari, 2024). One of the indicators of a company can be said to have achieved success and succeeded in winning competition with other companies, namely by generating profits that will be shared with the stakeholders.

Profitability reflects a company's ability to generate profits over a certain period. This aspect needs to receive serious attention because the company's operational continuity is highly dependent on its favorable position. Without profits, the company will have difficulty attracting funding from external parties, such as investors. In addition,

profitability is often used as a measure of capital utilization efficiency, by comparing the capital used and the operating profit obtained by the company (Balqish, 2020). The financial ratio related to profitability is processed by Return on Equity (ROE), where Return on Equity reflects the extent to which a company is able to earn profits through efficient use of its own capital. This ratio is obtained by dividing net profit after tax by total equity. The higher the ROE value, the stronger the company's financial position, and shows the high level of return received by shareholders for their investments (Rahmayanti, 2024).

The first factor that is suspected to affect financial performance is Debt Policy. Debt policy is a company's decision to obtain funding from external sources. This policy represents the use of long-term debt by companies to support their operational activities (Palupi & Hendiarto, 2018). In this study, the debt policy variables were measured by the DAR ratio. Debt to Asset Ratio (DAR) is a ratio that shows the ratio between total debt and total assets owned by a company. The higher the value of this ratio, the greater the risk faced by the company due to the increased liabilities that must be incurred. In contrast, a low ratio reflects a smaller level of risk because the debt-to-asset ratio is less. (Anwar, 2019).

The second factor that is suspected of affecting financial performance is Company Size. Company size refers to the total amount of assets owned by the company. Generally, large-scale companies have the convenience of obtaining funding from third parties due to wider access and ownership of collateral in the form of high-value assets compared to small companies. In addition, large companies also have easier access to the capital market. This facility provides flexibility and capability for companies to obtain funds quickly. The measurement of the size of the company in this study is based on the total assets owned, which is then simplified through conversion into natural logarithms. Thus, the size of the company in this study is calculated using the natural logarithm of total assets (Tarigan et al., 2022).

The third factor that is suspected to affect financial performance is Liquidity. The liquidity ratio indicates how well a company can meet its short-term obligations, or how quickly its assets can be converted into cash (Pertiwi & Masitoh, 2022). Types of liquidity ratios that are commonly used to assess a company's ability to meet short-term obligations include: (1) Current Ratio, (2) Quick Ratio or Acid Test Ratio, and (3) Cash Ratio. This study uses the current ratio as a liquidity measurement tool, because the ratio is the most often used indicator to assess a company's ability to pay off short-term obligations that are due compared to other ratios. The value of the current ratio is also a major concern for investors in assessing the level of a company's ability to meet its short-term obligations (Fachri et al., 2024).

In this study, the object to be analyzed in the financial statements is 10 companies in the household goods retail sub-sector, namely PT. Boston Furniture Tbk (SOFA), PT. Ace Hadware Indonesia Tbk (ACE), PT. Chitose Internasional Tbk (CINT), PT. Gema Grahasarana Tbk (GEMA), PT. Integra Indocabinet Tbk (WOOD), PT. Kedaung Indah Can Tbk (KICI), PT. Langgeng Makmur Industri Tbk (LMPI), PT. Multi Indocitra Tbk (MICE), PT. Oscar Mitra Sukses Sejahtera Tbk (OLIV), PT. In line with Citra Nusantara Perkasa Tbk (SCNP), Period 2021-2023. The following is presented some of the company's financial statement data consisting of 5 companies as a representation of a total of 10 companies used in the research.

Table 1. Report of total assets, total debt, and net profit in the household goods retail subsector company Tbk.
(Data presented in units of million rupiah)

No	Company Code	Year	Total assets	Total debt	Net profit
1.	SOFA	2021	64.101	20.357	(3.085)

		2022	62.050	17.163	843
		2023	63.935	18.521	108
2.	WOOD	2021	6.801.034	3.158.497	535.295
		2022	6.956.345	3.195.737	177.124
		2023	7.662.921	3.351.060	94.594
3.	KICI	2021	187.184	79.492	23.955
		2022	181.667	67.161	431
		2023	180.247	70.275	(4.591)
4.	LMPI	2021	704.070	476.065	(14.362)
		2022	694.287	488.324	(24.611)
		2023	667.969	490.958	(27.931)
5.	OLIV	2021	30.750	13.844	658
		2022	69.981	15.833	745
		2023	62.673	11.753	(3.231)

Source*:* Secondary data processing, 2025

Based on table 1, PT. Boston Furniture Tbk in 2022, the company's assets and debts fell, but the company's profit actually increased quite a lot. This could be because the company is more frugal or works more efficiently. But in 2023, its assets and debts rose again, but net profit decreased. This means that even though the company is getting bigger, its profits do not increase proportionally.

PT. Integra Indocabinet Tbk in 2022 and 2023, the company's assets and debts continue to rise. However, profits continue to fall. This happened because sales were declining, especially to overseas countries such as the United States. Demand from there declined due to unfavorable economic conditions, so the company's income and profits also declined.

PT. Kedaung Indah Can Tbk in 2022, the company experienced a decrease in assets and debt, and profit also decreased a lot. In 2023, the company's assets experienced a slight decline, but the debt increased. Unfortunately, the company's profit fell further and further until it finally lost money. This is likely because production costs and operational costs are too large compared to the income obtained.

PT. Langgeng Makmur Industri Tbk in 2022 and 2023, the company's assets continued to decline. But strangely, the debt actually increased in 2022 and 2023. The company's profit also continued to decline for two years. Most likely, this is due to the decline in production, the demand from the market has also decreased, and the cost of running a business is still high.

PT. Oscar Mitra Sukses Sejahtera Tbk in 2022 was a good year because assets, debt, and profit all rose. But in 2023, everything is declining starting from assets, debt, and profits. In fact, the company has suffered losses. It is likely because the income has decreased, while the cost of running a business is still high and cannot be suppressed.

The urgency of this research is based on the need to identify the factors that affect the financial performance of household goods retail companies, especially in the face of economic challenges and increasingly fierce competition. By understanding the influence of debt policies, company size, and liquidity on financial performance,

companies can take proactive steps to improve operational efficiency and competitiveness in the market.

Problem Formulation

Based on the previous background description, the formulation of the problem proposed in this study is:

1. How does the Debt Policy affect Financial Performance in companies in the household goods retail subsector?
2. How does Company Size affect Financial Performance in companies in the household goods retail subsector?
3. How does Liquidity affect Financial Performance in companies in the household goods retail subsector?
4. How does Debt Policy, Company Size, and Liquidity affect Financial Performance in companies in the household goods retail subsector?

LITERATURE REVIEW

Debt Policy

Debt policy is a company's decision to obtain funding by utilizing sources of funds from debt. According to Ismiati & Yuniati, (2017) Debt policy is a company's strategy in determining the level of utilization of funding sourced from debt as part of the capital structure. in research (Oktaviatin et al., 2024). Meanwhile, according to Kasmir, (2018) stated that debt policy is a decision or step taken by a company in carrying out its operations by utilizing loan funds, in order to assess the extent to which the company's assets are financed through debt. One of the indicators used to assess a company's debt policy is the Debt to Assets Ratio (DAR).

Debt To Assets Ratio (DAR), This ratio is a comparison between total assets and total debt, indicating the extent to which assets can cover debt. The larger the ratio, the greater the risk that the company will face. This ratio aims to determine the proportion of assets funded through debt. The higher the ratio, the more assets are financed by debt, and the greater the risk for the company (Binti, 2024). The formula of the Debt To Assets Ratio (DAR), in the form of Total Debt divided by Total Assets

Total debt consists of short-term liabilities that must be repaid within 12 months and fixed *liabilities* that must be repaid within one year (Natalia & Santoso, 2017). Total assets are the total assets controlled by the company in a certain period as stated in the financial statements, especially in the balance sheet (Maya Kumala, 2020). The measurement of the Debt To Assets Ratio (DAR) can be calculated by (Binti, 2024):

$$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Asset}} \text{ x } 100\%$$

Company Size

According to Jusmansyah, (2022), it is stated that company size is a scale where the size of the company can be classified as measured by total assets, number of sales, stock value and so on. Company size is the amount of *assets* owned by a company. The size of a company can be measured by the natural logarithmic value of total assets (Sa'diya et al., 2022). One of the commonly used measuring tools to change the total assets is the natural logarithm.

Natural logarithms (LNs) are used to reduce data fluctuations that are too large. In addition, the application of natural logarithms aims to simplify the total value of assets that may reach trillions of rupiah without changing their original proportions. Company Size Formula (Setiawan & Mahardika, 2019) :

$$\text{Company Size} = \text{LN (Total Assets)}$$

Liquidity

Liquidity is the ability of a company to meet its short-term obligations. Through liquidity measurement, it can be known how large the company's current assets are compared to its current liabilities. Liquidity assesses the extent to which a company is able to pay its short-term obligations. A high liquidity ratio value indicates that the company has sufficient current assets to meet its current liabilities, which can increase investor and other stakeholders' confidence (Yanti & Sisdianto, 2024). If the company has an adequate level of liquidity, the ability to pay off its short-term debt will be guaranteed, so that the company can avoid liquidity-related problems. (Sofiani & Siregar, 2022) in research (Kusuma & Mahroji, 2024). One of the commonly used measurement tools to assess a company's liquidity is the Current Ratio.

Current Ratio is a ratio that describes a company's ability to meet short-term obligations to creditors, using current assets that are expected to be converted into cash in the near future. The formula of the Current Ratio (CR), in the form of Current Assets divided by Current Liabilities. Current assets, or often called current assets, are the company's wealth that is easily disbursed into cash and is typically used in less than one accounting cycle. These assets are generally used to support the company's daily operations. Meanwhile, current liabilities are financial liabilities that must be settled by the company within a period of 12 months or during the normal operational period (Muhammad et al., 2024). The measurement of Current Ratio (CR) can be calculated by (Sihombing & Siagian, 2021):

$$\text{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \text{ X } 100\%$$

Financial Performance

Financial performance is an overview of a company's financial condition that is analyzed to assess good or bad financial performance based on the results of work. Evaluation of the company's financial performance includes an analysis of the profits earned and how efficient and effective the company is in carrying out its operational activities (Nurmasari & Sukmana, 2019) in the research (Handayani et al., 2023). Financial performance is the results achieved by management in managing the company's assets effectively over a certain period (Nugroho & Sunarya, 2024). One of the commonly used measurement tools to assess a company's Financial Performance is Return On Equity (ROE).

Return On Equity assesses the level of taking or profit obtained from the capital owned. The higher the company's profit-making ability, the higher the company's ROE. According to Balqish, (2020) one of the important metrics that shows how shareholders create value is with Return On Equity (ROE). In other words, the higher the ROE, the greater the value of the company, which will make investors more interested in investing their shares in the company. The formula of Return On Equity (ROE) is in the form of Net Profit divided by Equity.

Net profit, also known as net income, is a company's profit after deducting all operating and non-operating expenses. This profit is often used to assess management performance. Equity is the company's capital or net worth derived from the owner's investment and business results, which plays an important role in strengthening the company's capital structure (Sahetapy, 2023). The measurement of Return On Equity (ROE) can be calculated by (Binti, 2024):

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Equity}} \text{x} 100\%$$

Relationships Between Variables

1. The Effect of Debt Policy on Financial Performance

Debt policy is a company's decision to obtain funds from external parties for investment purposes (Yanti & Sisdianto, 2024). Debt policy is part of the company's financial decisions related to how much external funds in the form of debt will be used to finance the company's operations and investments. This decision has the potential to affect financial performance. A study conducted by Retna Sari & Wahyu Setiyowati, (2017) found that debt policy has a significant effect on financial performance. Different results from research conducted by Lianu & Waeongan, (2017) explain that debt policy does not have an impact on financial performance.

2. The Influence of Company Size on Financial Performance

The size of a company is measured based on total assets because its value is more stable and reflects the amount of resources it has to meet market demand (Fachri et al., 2024). Firm size is an important factor that is often researched in financial performance analysis. In general, the size of a company can affect financial performance through several mechanisms, such as operational efficiency, and access to resources. Research conducted by Maryadi & Dermawan, (2019) states that company size affects financial performance, in contrast to the results of research conducted by (Prasetiya & Suwarno, 2024) which shows that company size does not have a significant influence on financial performance.

3. The Effect of Liquidity on Financial Performance

Liquidity is a company's ability to meet short-term liabilities, which is measured using the current ratio, which is a comparison between current assets and current liabilities (Yanuarta & Sari, 2013). Good liquidity reflects efficient cash management and a company's capacity to pay off its financial obligations on time, which in turn can affect the company's financial performance. Research conducted by Salsabila & Rahmiyatun, (2025) says that liquidity affects financial performance. The results are different from the research conducted by Shodiq et al., (2024) which shows that liquidity does not have a significant effect on financial performance.

4. The Influence of Debt Policy, Company Size, and Liquidity on Financial Performance

Research by Simamora et al., (2024) The effect of leverage, liquidity, and company size on financial performance in transportation and logistics companies on the Indonesia Stock Exchange for the 2018-2022 period shows that simultaneously this research indicates that leverage, liquidity, and company size together have a significant influence on financial performance. Meanwhile, Revata & Sudirgo, (2023) research on the influence of leverage, company size, and liquidity on financial performance shows that leverage and company size do not have a significant effect, while liquidity has a significant negative effect.

Previous Research

Table 2.
Previous research

NO	HEADING	VARIABLES & METHODS	DIFFERENCES & SIMILARITIES
1.	Analysis of the Influence of Debt Policy on the	Variables: Debt Policy(X1) Financial	Both examined the influence of debt policy on financial

	Company's Financial Performance (Yanti & Sisdianto, 2024)	Performance(Y). Method: Qualitative approach	performance, but this study differed in the number of independent variables, methods, and objects, namely manufacturing companies in the food and beverage sector with 9 samples.
2.	The effect of company size, leverage, and liquidity on the company's financial performance with profitability as an intervening variable in companies in the consumer goods industry sub-sector of cosmetics and household goods listed on the Indonesia Stock Exchange in 2019-2023 (Azizah & Nugroho, 2025)	Variables: company size(X1) leverage(X2) Liquidity(X3) Financial performance(Y). Method: Quantitative approach	This study and previous research both used company size, liquidity, and financial performance as well as quantitative methods with purposive sampling techniques and 30 samples. The difference lies in additional variables, the previous study used leverage, while this study used debt policy. The research object is also different, namely in the cosmetics and household goods sector for the 2019–2023 period.
3.	The Effect of Liquidity, Leverage, and Company Size on Financial Performance in Chemical Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange (Fachri et al., 2024)	Variables: Liquidity(X1) Leverage(X2)Company Size(X3) Financial Performance(Y) Method: Descriptive with approach Quantitative Research	This research and previous research both utilize company size and liquidity as independent variables and financial performance as dependent variables. The difference is that previous research used a quantitative descriptive method with saturated sampling techniques and 40 samples, and included leverage as an independent variable. Meanwhile, this study uses debt policy as an additional variable and the object is different, namely in manufacturing companies in the chemical sub-sector.

Conceptual Models and Hypothesis Statements:

1. Conceptual Model

A conceptual model is a visual or descriptive representation of the relationships between variables to be tested in the study. In this case, a conceptual framework is created based on the theoretical foundation, previous research results, and research objectives.

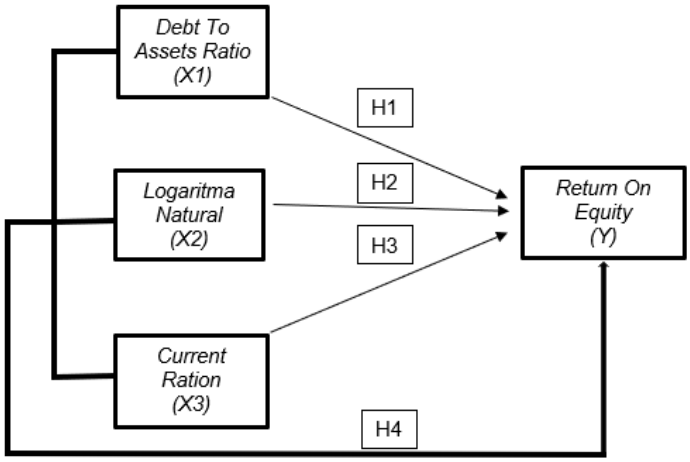

Figure 1. Conceptual Framework

Information:

= Partially

= Simultaneously

2. Hipotesis

   Ho : μ = 0 Not affected

   Ha : $\mu \neq 0$ Influential

   Based on this frame of thought, the hypothesis in this study is formulated as follows:

   1. H0: There is no effect of debt policy on financial performance in household goods retail subsector companies listed on the IDX.

      Ha: There is an effect of debt policy on financial performance in household goods retail subsector companies listed on the IDX.

   2. H0: There is no effect of company size on financial performance in household goods retail subsector companies listed on the IDX.

      Ha: There is an influence of company size on financial performance in household goods retail subsector companies listed on the IDX.

   3. H0: There is no effect of liquidity on financial performance in household goods retail subsector companies listed on the IDX.

      Ha: There is an influence of liquidity on financial performance in household goods retail subsector companies listed on the IDX.

   4. H0: There is no effect of debt policy, company size, and liquidity on financial performance in household goods retail subsector companies listed on the IDX.

      Ha: There is an influence of debt policy, company size, and liquidity on financial performance in household goods retail subsector companies listed on the IDX.

RESEARCH METHODS

Research Type

Quantitative research emphasizes objective measurements and aims to develop models, theories, or hypotheses related to phenomena. In this study, the focus was to measure the influence. Debt Policy (X1), Company Size (X2), and Liquidity (X3) to Financial Performance (Y).

Research Instruments

This study uses the financial statement table as a research instrument for companies in the household goods retail subsector in the form of Total Debt, Total Assets, Current Assets, Current Liabilities, Net Profit, and Equity for the last 3 years starting from 2021 to 2023.

Population And Research Sample

1. Population

Population is a set of objects or subjects with certain characteristics that researchers choose to analyze and conclude (Rahmayanti, 2024). This study uses manufacturing companies as the population in the household goods retail subsector listed on the IDX in 2021-2023, which is 15 companies. The following are the code names of the companies that are the population in the study.

Table 3
Research Population

NO	COMPANY CODE	YEAR
1.	SOFA	2021-2023
2.	ACE	2021-2023
3.	CINT	2021-2023
4.	GEMA	2021-2023
5.	WOOD	2021-2023
6.	KICI	2021-2023
7.	LMPI	2021-2023
8.	MICE	2021-2023
9.	OLIV	2021-2023
10.	SCNP	2021-2023
11.	LIVE	2021-2023
12.	MGLV	2021-2023
13.	LFLO	2021-2023
14.	CBMF	2021-2023
15.	MEJA	2021-2023
TOTAL		**45**

Source: IDX and IDN Financial 2024, accessed from: https://www.idx.co.id/id and https://www.idnfinancials.com

Referring to data obtained from the official IDX and IDN Financial websites, it is known that there are 15 companies included in the household goods retail subsector. However, of the total population, only 10 companies were used as a sample of this study.

2. Sample

The sample is part of the population that has similar characteristics (Sugiyono, 2018). The sample of this study comes from financial statement data from 2021 to 2023. The sampling technique utilizes the purposive sampling method, based on certain criteria. The criteria used include audited data and the most recent financial statements. The following is presented sample data consisting of 30 samples used in the study.

Table 4.
Research Sample

NO	COMPANY CODE	YEAR
1.	SOFA	2021-2023
2.	ACE	2021-2023
3.	CINT	2021-2023
4.	GEMA	2021-2023
5.	WOOD	2021-2023
6.	KICI	2021-2023
7.	LMPI	2021-2023
8.	MICE	2021-2023
9.	OLIV	2021-2023
10.	SCNP	2021-2023
TOTAL		**30**

Source: Secondary Data processed, 2025

Research Location

This research can be conducted on household goods retail companies listed on the Indonesia Stock Exchange (IDX) and IDN Financial.

Data Collection Techniques

The data collection method in this study consists of two methods, namely:

1. Literature Study, which is the collection of data through literature related to research topics. The sources used include scientific journals and books that support the theory and framework of thinking in this study.
2. Documentation, namely data collection, is carried out by reviewing the company's official documents, especially financial statements that have been audited in the household goods retail subsector company during the period 2021 to 2023.

Data Analysis Techniques

1. **Test classical assumptions** (normality, multicollinearity, heteroscedasticity, and autocorrelation).

   1) Normality Test

   The normality test aims to ensure each variable is normally distributed, it is important for testing other variables that assume a normally distributed residual.

2) Multicollinearity test

The multicollinearity test aims to detect the presence of linear relationships between independent variables in the regression model. If the VIF is < 10 and the Tolerance $\geqslant$ 0.1, then multicollinearity does not occur. In contrast, if VIF > 10 and Tolerance $\leqslant$ 0.1, multicollinearity occurs.

3) Heterokedasticity Test

Heterokedasticity occurs when the residues in the regression equation vary over a given data range.

4) Autocorrelation Test

Autocorrelation is a condition in which errors in one period are related to errors in other periods, generally occurring in *time series data* (Ghozali & Latan, 2018) in research (Rahmayanti, 2024).

2. Multiple Linear Regression Analysis

According to Sugiyono, (2018) multiple linear regression analysis is used when there are at least two independent variables to analyze the cause-and-effect relationship and measure the magnitude of the influence of debt policy variables, company size, liquidity, on financial performance. The following formula is used, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:
a = Constant Number
Y = ROE
X1 = DAR
X2 = Total Asset (LN)
X3 = CR
e = Error Term

3. Hypothesis test

1) T test (Partial)

The t-test, or partial test, aims to measure the individual influence of each independent variable on the dependent variable. This test is carried out by comparing the value of t calculated and t of the table or by paying attention to the significance value of each t calculation. The results of the (partial) t-test in regression analysis are based on a comparison between the calculated t-value and the t-table (Tahitu et al., 2024):

Hipotesis:

a. H0 = The independent variable has no influence on the dependent variable.
b. Ha = Independent variables have an effect on dependent variables.

Criterion:

a. If t counts > t of the table and p-value < 0.05, then H0 is subtracted and Ha is accepted.
b. If t counts < t of the table and p-value > 0.05, then Ha is rejected and H0 is accepted.

2) F Test (Simultaneous)

The F test is known as the Simultaneous Test or the Model test/Anova Test, which is a test to see how all the independent variables together affect their bound

variables or to test whether the regression model we create is good/significant or not good/non-significant (Tahitu et al., 2024).

Criterion:

a. If f counts > f table and p-value < 0.05, then H0 is rejected and Ha is accepted.

b. If f counts < f table and p-value > 0.05, then H0 is accepted and Ha is rejected.

RESULTS AND DISCUSSION

1. Classic Assumption Test

a) Normality Test

Based on the results of the One-Sample Kolmogorov-Smirnov test, the significance value for the debt policy variables (DAR/X1), company size (LN/X2), liquidity (CR/X3), and financial performance (ROE/Y) was 0.128, which exceeded the significance limit of 0.05. This shows that the data of this study is distributed normally. The normal distribution of data is one of the important assumptions in parametric statistical analysis, such as linear regression and other hypothesis tests. Therefore, the results of this test support the feasibility of the data to be further analyzed to obtain valid and reliable conclusions.

b) Multicollinearity Test

Based on *the Collinearity Statistical* value, the Tolerance *value* for the debt policy variable (DAR/X1), company size (LN/X2), and liquidity (CR/X3) is greater than > 0.10, and the Variance Inflation Factor (VIF) value of each variable below 10 indicates the absence of multicollinearity, so that independent variables do not have a strong linear relationship. The absence of multicollinearity indicates that each independent variable has its own role in explaining the variation of dependent variables, without any overlap of information between variables. This has implications for increasing the reliability of the regression coefficient estimation, so that the analysis results become more accurate. Thus, the regression model used is more stable and can provide more valid conclusions regarding the influence of independent variables on financial performance.

c) Heteroscedasticity Test

The scatterplot graph shows that the points are randomly scattered around the Y = 0 axis without forming a specific pattern, such as L or U. So that the regression model does not experience heteroscedasticity. The absence of heteroscedasticity signifies that the assumption of homoscedasticity has been met, which is one of the main requirements in linear regression analysis.

d) Autocorrelation Test

The autocorrelation test yielded a Durbin-Watson value of 1.655, with n = 30 and k = 3. Based on the DW table, the value of dU is 1.6498 and its upper limit is 4 - dU, which is 2.3502. Since the DW value is between the two boundaries (1.6498 < 1.655 < 2.3502), thus, the regression model does not show any autocorrelation. The absence of autocorrelation reflects that residual values (the difference between actual values and predicted values) are random and do not form a specific pattern. This means that the regression model has met one of the important requirements in the classical assumption test. Assuming this is met, the results of parameter estimation are more reliable and the results of statistical tests can be relied upon to analyze the relationship between independent variables and dependent variables. This means that the regression model can be used as a basis for further analysis

2. Multiple Linear Regression Analysis

The following equations are generated from multiple linear regression analysis:

Y = -0.104 - 0.027X1 + 0.003X2 + 0.017X3

From these equations, the meaning can be described as follows:

a. The constant value is -0.104, this indicates that if all independent variables (debt policy, company size, and liquidity) are zero, then the financial performance value (ROE) is estimated to be -0.104. This negative value suggests that there are other factors outside the model that may have contributed significantly to ROE.

b. The Debt Policy Coefficient (X1) is -0.027, this coefficient is negative, meaning that if the Debt to Asset Ratio increases by 1%, then the ROE is expected to decrease by -0.027. In other words, the greater the proportion of debt a company has, the smaller the profit the shareholders get. This can happen due to the high interest expense and financial risks.

c. The Company Size Coefficient (X2) is 0.003, This positive value shows that when the company size increases, the ROE also increases by 0.003. This indicates that larger companies tend to have somewhat improved financial performance, perhaps because they have more resources, economies of scale, or a stronger market position.

d. Liquidity Coefficient (X3) is 0.017, This positive coefficient means that every 1% increase in the liquidity ratio (Current Ratio) will increase the ROE by 0.017. This indicates that a company can effectively discharge its short-term liabilities and tends to provide increased returns to shareholders, as it is considered more stable and trusted by investors.

3. Interpretation of Results

1) T Test

Tabel 5

Coefficients[a]

Model		t	Sig.
1	(Constant)	-0.565	0.577
	ACCOUNTS RECEIVABLE POLICY	-0.241	0.811
	COMPANY SIZE	0.408	0.687
	LIQUIDITY	2.042	0.051

Source : Revised IBM Spss Statistics 26 output results

The Effect of Debt Policy on Financial Performance in Household Goods Retail Subsector Companies

H0 : μ1 = Value 0 indicates that Debt Policy has no influence on Financial Performance.

Ha : μ1 ≠ Value 0 indicates that Debt Policy has an influence on Financial Performance.

Df = n30 -k3 - 1 = With a sample count of 26 and a significance level of 0.05 for the two-way test, a table t-value of 2.056 was obtained.

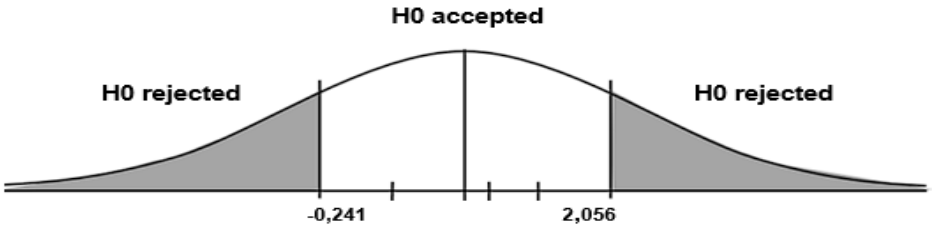

Figure 2. T-test curve for Debt Policy hypothesis testing

The results of the test of the influence of Debt Policy (X1) on Financial Performance (Y) showed a significance value of 0.811 > 0.05 and T calculated -0.241 < 2.056, so that the alternative hypothesis (Ha) was rejected and the null hypothesis (H0) was accepted, which means that H1 had no influence between the Debt Policy variable (X1) and the Financial Performance variable (Y). According to *the Trade-Off* theory, if the company does not benefit more from the use of debt (e.g. insignificant tax savings or interest expense is too high), then debt will not make a positive contribution to financial performance. In this case, the company may be at a point where additional debt actually increases risk without improving financial performance.

This research contrasts with the results of research conducted by Nasution, (2021) found that short-term debt has a positive and significant influence on financial performance (ROE), while long-term debt has a negative and significant influence on financial performance.

The Effect of Company Size on Financial Performance in Household Goods Retail Subsector Companies

Ho : μ1 = Value 0 indicates that the size of the company has no influence on Financial Performance

Ha : μ1 ≠ A value of 0 indicates that the size of the company has an influence on Financial Performance.

Df = n30 - k3 - 1 = With a sample count of 26 and a significance level of 0.05 for the two-way test, a table t-value of 2.056 was obtained.

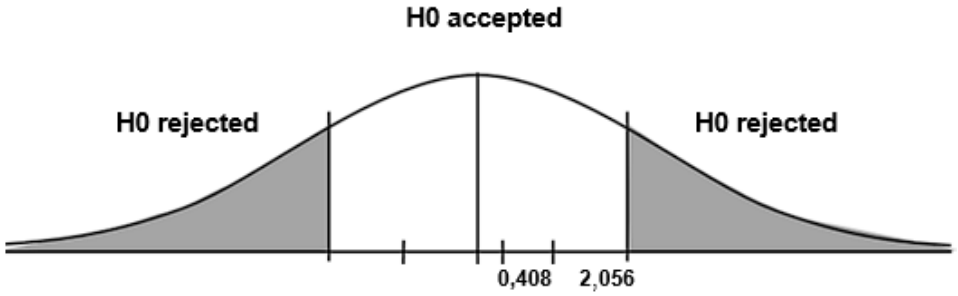

Figure 3. Company Size hypothesis t-test curve

The test of the Company Size (X2) showed a significance value of 0.687 > 0.05 and T calculated 0.408 < 2.056, so that Ha was rejected and H0 was accepted. This means that Company Size (X2) has no effect on Financial Performance (Y). In *theory*, larger companies should have competitive advantages such as operational efficiency, easier access to financing, and higher bargaining power. However, the advantage of scale does not automatically result in improved financial performance. In this context, it could be that large companies are experiencing biaya birokrasi yang tinggi, atau tidak Able to manage resources optimally, so size advantages do not contribute significantly to performance.

This research contradicts the results of a study that has been conducted by Lestari, (2018) showing that company size has a significant positive influence on financial performance. However, research by Lutfiana & Hermanto, (2021) found that the size of the company in this study which stated that it had no significant effect on financial performance was in line with the findings of Lutfiana and Hermanto.

The Effect of Liquidity on Financial Performance in Household Goods Retail Subsector:

Ho : μ1 = Value 0 indicates that liquidity has no influence on Financial Performance.

Ha : μ 1 ≠ A value of 0 indicates that liquidity has an influence on Financial Performance.

Df = n30 - k3 - 1 = With a sample count of 26 and a significance level of 0.05 for the two-way test, a table t-value of 2.056 was obtained.

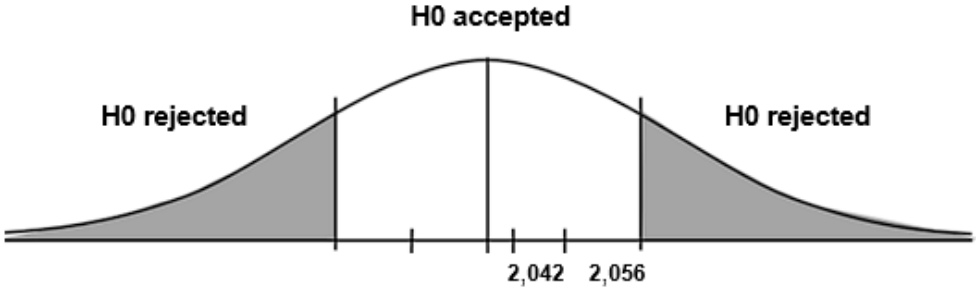

Figure 4. Liquidity hypothesis t test curve

Based on the results of the test of the Liquidity variable (X3) on Financial Performance (Y), a significance value of 0.051 was obtained which was greater than 0.05 and the t-value of 2.042 was smaller than the t of the table 2.056. Thus, Ha is rejected and H0 is accepted, which indicates that Liquidity has no effect on Financial Performance. Liquidity Management Theory emphasizes the importance of maintaining a balance between liquidity and profitability. Too high liquidity can indicate that the company is holding too many non-productive current assets, such as cash or receivables, which can actually hinder potential profits. According to this theory, increased liquidity does not necessarily reflect better financial performance, as funds that are not optimally invested do not contribute to a company's bottom line.

This study is in line with the results of a previous study conducted by Sari & Mazni, (2022) concluding that liquidity does not have a significant influence on financial performance.

2) F test

ANOVA[a]

Model		F	Sig.
1	Regression	2.077	0.128[b]

Source : Revised IBM Spss Statistics 26 output results

Interpretation of the results: Effect of Debt Policy (X1), Effect of Company Size (X2), and Effect of Liquidity (X3) on Financial Performance (Y) in Household Goods Retail Subsector:

Ho : μ1 = μ2 = 0 : meaning that Debt Policy, Company Size, and Liquidity have no effect on Financial Performance.

Ha : μ1 ≠ μ2 ≠ 0 : meaning that Debt Policy, Company Size, and Liquidity affect Financial Performance.

F table = F(k3; n30 – k3)

= F (3 ; 27)

= 2.96

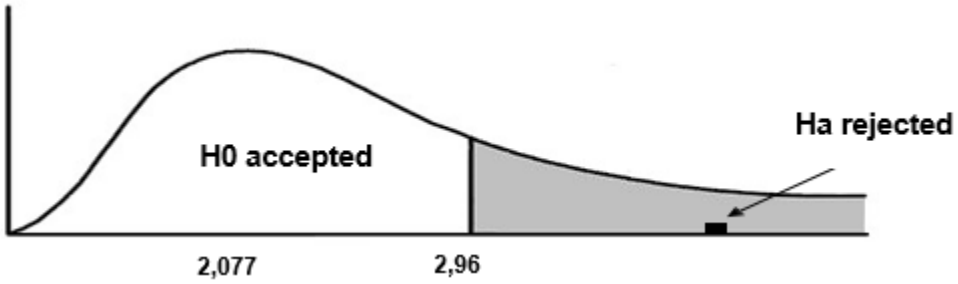

Figure 5. Test Curve F Debt Policy, Company Size, and Liquidity on Financial Performance

Based on the results of the F test, a significance value of 0.128 > 0.05 and a value of F calculated 2.077 < 2.96 (F table), so it can be concluded that H0 is accepted and Ha is rejected. This means that the variables of Debt Policy (X1), Company Size (X2), and Liquidity (X3) simultaneously have no effect on Financial Performance (Y). in the household goods retail subsector company. The *Contingency* Theory states that there is no one factor that applies to all companies. Financial performance depends on the match between internal and external factors. In the context of a household goods retail company, debt policy, company size, and liquidity may not be the main factors. In contrast, product innovation, operational efficiency, customer satisfaction, and marketing strategies can be more influential.

Meanwhile, in the research of Yuliana & Sulistyowati, (2023) shows that dividend policy, debt policy, and company size simultaneously affect financial performance. However, the results of this study show that simultaneously, these variables do not have a significant effect on financial performance. This difference may be due to differences in one of the independent variables, samples, research periods, or industry sectors being studied.

CONCLUSIONS AND SUGGESTIONS

1. CONCLUSION

Based on the results of data analysis and previous discussions, it can be concluded as follows:

1) There is no effect of Debt Policy on Financial Performance in household goods retail subsector companies listed on the Indonesia Stock Exchange.
2) There is no effect of Company Size on Financial Performance in household goods retail subsector companies listed on the Indonesia Stock Exchange.
3) There is no effect between Liquidity on Financial Performance in household goods retail subsector companies listed on the Indonesia Stock Exchange.
4) There is no influence between Debt Policy, Company Size, and Liquidity on Financial Performance in household goods retail subsector companies listed on the Indonesia Stock Exchange.

Thus, the findings of this study indicate that in the retail subsector of household goods, debt policy, company size, and liquidity have not been the main determinants of financial performance. This means that management needs to consider other factors that may have a greater influence on increasing profitability, so that the strategy implemented is truly effective in driving the company's performance.

2. SUGGESTION

1) For further research

It is suggested that future research add new variables, such as ownership structure or profitability, to gain a more comprehensive understanding of the factors that affect financial performance. In addition, expanding the sample by covering more subsectors within the retail industry or extending the research period can provide more generalizing results. Considering external factors such as macroeconomic conditions, regulatory changes, and industry trends can also enrich the analysis.

2) For Practitioners and Corporate Management
The results of this study can be a reference for management in optimizing debt policies, company growth strategies, and liquidity management to improve financial performance. Management needs to balance the use of debt so as not to burden the company too much, as well as ensure operational efficiency and financial flexibility in the face of market dynamics.

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