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FACTORS AFFECTING FINANCIAL PERFORMANCE COMPANY: STUDY FOR BISNIS27 LISTED COMPANY AT INDONESIA STOCK EXCHANGE

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ABSTRACT

The research objective is to measure whether company size, industry sensitivity, government ownership, liquidity and company age affect the financial performance of company that listed in Index BISNIS-27 between year 2021-2023. Data that use is secondary data and purposive sampling method. Data collected from list of company Index BISNIS-27 that listed on Indonesia Stock Exchange and consistently listed between 2021-2023. Index BISNIS-27 is an index that evaluated by the price performance from 27 shares that determined by the Indonesian Business Index Committee (idx.co.id). The data collected were processed using SmartPLS 4. From the analysis results liquidity (current ratio) has p values 0.044 (less than 0.05) and company size has p values 0.025 (less than 0.05). Meanwhile, the industry sensitivity has p values 0.158 (more than 0.05), government ownership has p values 0.392 (more than 0.05), and company age has p values 0.145 (more than 0.05). The research concludes that liquidity (current ratio), and company size positively and significantly affect on a company financial performance. Meanwhile, the industry sensitivity, government ownership, and company age positively and insignificantly affect on a company financial performance.

Keywords: *Company Size, Industry Sensitivity, Liquidity, Government Ownership, Company Age, Financial Performance*

INTRODUCTION

Nowadays, company financial performance is still one of important information for investor or stakeholder. The statement of financial performance company in the specific period can give overview about the condition of the company. In this era of globalization and uncertainty economic condition, financial performance that support by the role of management to manage their company. Management need to manage their financial performance, in order to achieve the standards and objectives that have been set by their company. For businesses, investors, and stakeholders to be understand and analyze financial performance is essential, as it provides informations into the company's capability to create profits, maintain resources, fulfill financial obligations, and generate value for shareholders (Thi Thuy, 2023).

Financial performance provide information about performance level of the company at specific period. Financial performance can describe how well the company to use their assets in order to conduct their operations and generate income. Financial performance can be one of important information of a company as it represents the result of efforts of management in utilize the company's resources to optimize the value of shareholder (Thi Thuy, 2023). The Financial performance of a company can be analyzed in connection with return on total assets and return on equity (Nguyen et al., 2021). Following previous research, in this research we use Return on Assets (ROA) and Return on Equity (ROE) to measure the financial performance of the company. The return on total assets (ROA) measures the overall effectiveness of management in generating profits with its available assets (J. Zutter et al., 2019). Most of the companies have an asset to use for their operational activities. Therefore, the return on asset

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is on of indicator that can be use to evaluate or to monitor company financial performance. The return on asset also can help management team to review or to monitor whether their company already use the company assets with effective and efficient to create enough earnings. The lower on return on assest can be designated that the company assets are lower utilized, which represents management's inefficiency, and more higher return on assets can be designated that the company assets are utilized with efficient, representing that management is efficient. Return on assets (ROA) is a measurement of how profitable a company is relative to their total assets, measured by net profit divided by average total assets "ROA = net profit/average of total assets" (Nguyen et al., 2021).

The next variable that used to measure financial performance is the return on equity (ROE). The return on equity (ROE) measures the return earned on the common stockholder' investment in the company (J. Zutter et al., 2019) or evaluates for the company's capability to use the shareholder' equity to create enough returns for company. Equity shows the ownership of the shareholders in the company. The lower on return on equity (RoE) can be indicates that the management of the company underutilized the shareholders' equity, and the higher return on equity can be designated that management can utilize the shareholders' equity with effective and efficient to generate enough earnings for company. Return on equity (ROE) is other important financial ratio regarding to company's profitability, it is measured by divided a company's net income with their shareholders' equity "ROE = net profit/average of total equity capital" (Nguyen et al., 2021).

This study is conducted to enrich previous research that have been done. Some empirical studies show that there are factors that effect on financial performance. The structure of company size has positively effect on financial performance of a company, it is means that certain aspects or characteristics of company size influence the company's financial results. For this term, "company size structure" may include things like scale of operations, number of assets, or number of employees (Adriansyah et al., 2023). Other empirical studies shows that company size, industry sensitivity, government ownership, liquidity and company age are important aspects of CSRD (Corporate Social Responsibility Disclosure). CSRD (Corporate Social Responsibility Disclosure) are publish information about CSR (Corporate Social Responsibility) or a concept that companies combine product, labor, social and environmental concerns with their business operations and interact with their stakeholders voluntarily. Then, this research examines the effect of CSRD (Corporate Social Responsibility Disclosure) on financial performance of companies (Nguyen et al., 2021). Another factor that effect financial performance refer to empirical studies represents that there are significantly direct relation between government ownership and the staffing level in banks, that is designated that the Kuwaiti government uses its power of ownership to force banks for hire more staff for political reasons (AlAli & Saeed, 2020). Empirical studies summarized that liquidity have positively influence on financial performance, it is means the more higher of liquidity level of company, can expand the worth of financial performance (Dyana Novita Taristy et al., 2022). Thus, regarding to that previous research, researcher consider that factors that determinant on financial company performance are attractive topic to be analyse, since company's financial performance is important things and the information use by shareholder, and other decision makers. Research on determinants of company performance have been extensively conducted through various samples/industries, it is showing phenomena that research regarding this matter put interest in researchers. The purpose of this research is to study how company size, industry sensitivity, government ownership, liquidity, and company age impact the company's financial performance. More specific, to have differentiation and uniqueness from other study, researcher analyses data sampling from Indonesia Stock Exchange (IDX) and scrutinize related literature to provide insights for other researcher, shareholder, and other decision makers. This research endeavour to examine factors that determinant on financial company performance from five measurements, those are company size, industry sensitivity, government ownership, liquidity, and company age. It is aspired that the results of this research will enhance our understanding of good financial management practices and help companies deal with various economic challenges.

Company Size

In most of condition, company size can be classified by small company, medium company, and large company. From previous study, in most areas of corporate finance the coefficients of company size measures are robust in sign and statistical significance (Dang & Li, 2013). Company size is one of the affecting factors for the liquidity of a company, which it also has an impact on the financial

performance of a company. Company size structure has a positive effect on financial performance, it is means that certain aspects or characteristics of company size influence the company's financial results (Darman & Andini Hilumalo, 2023). Company size can be measured by number of assets that owned by the company. Refer to number of assets that owned by the company, large companies have better opportunity to be trusted by investors than small companies because large companies have more stable performance and less risk of bankruptcy. Some of measurements that can be uses to evaluate company size of a company are turnover, sales, revenues, total assets and number of employees. Regarding to previous study, in this research, researcher determine company size by calculated as the natural logarithm of total assets (Nguyen et al., 2021). The first hypothesis of the study can thus be formulated as follows:

H1: Company size positively and significantly impacts company financial performance.

Industry Sensitivity

Industry sensitivity shows that how sensitive company in terms of environmentally impact. Industry sensitivity is refer to specific industry where the company's operationals have major environmental impact, particularly operational of company which have potential for environmental destruction (Yudhanto & Simamora, 2023). According to previous research, companies that refer to sensitive industries showed to achieve better performance than companies which not referring to sensitive industries (Garcia et al., 2017). Company which operationals are related to mining, oil and gas, construction and building materials, chemicals, forestry and paper, steel and other metals, electricity, gas distribution and water industries are classified as "more sensitive" sectors. The remaining sectors are classified as "less sensitive". For this research, researcher use one/zero variable to define companies from these industries—if the company is from a more sensitive industry, it is use one and if the company is from a less sensitive industry, it is use zero (Nguyen et al., 2021). The second hypothesis of the study can thus be formulated as follows:

H2: Industry sensitivity positively and significantly impacts company financial performance.

Government Ownership

Government ownership is the industry, assets, or company owned by government. Government ownership remains usual in both developed and developing countries worldwide (Liu, 2018). In most of condition, government ownership company has been lagging behind the private industries in the matters of efficiency, productivity, and financial performance (AlAli & Saeed, 2020). Previous research represents that government ownership is prejudice to performance at the beginning, but as the government increases its ownership, it begins to increase company valuation. When the government ownership is a small shareholder, it has neither the authority nor the incentive to provide the preferential treatment and righteousness that would more essential than the disadvantages of its political interference. If the presence of a government ownership is to be beneficial to a company, its ownership must be relative large (Liu, 2018). Following previous research (Nguyen et al., 2021), for government ownership variable is determined from data related to major shareholders' ratio in listed companies annual reports. For this research, if the ratio of government ownership (determined by government ownership percentage in a company) is >50%, we are determined it a worth of 1, and if not, it is determined with a worth of 0. The third hypothesis of the study can thus be formulated as follows:

H3: Government ownership positively and significantly impacts company financial performance.

Liquidity

Liquidity is an important aspect of a company financial management. It is contribute information about the capability of the company to fulfill their short-term obligations. Liquidity is being part of important role in improving financial performance of the company. Company which have optimum levels of liquidity report have better financial performance (Omondi et al., 2013). Previous research also designated effect positive of liquidity on the relationship between accounting and advertising expenditures and financial performance, furthermore to highlight the essential of managing expenditures and improving financial performance (Airout et al., 2023). The process of maintain an optimal level of liquidity is important for businesses as it ensures smooth operations, supports growth

initiatives, and mitigates financial risks. Also, process to understand the relationship between liquidity and financial performance is influential for managers, investors, and stakeholders in determining a company's overall financial health and sustainability. Several studies have evaluated the impact of liquidity on profitability, an important indicator of a company's financial performance. Other research, found a positive association between liquidity measures, such as the current ratio and quick ratio, and financial performance indicators like return on assets (ROA) and return on equity (ROE) (Durrah et al., 2016). Efforts to increase financial performance, financial factor for example liquidity ratios are essential in the decision-making process. In this research, researcher would like examine whether liquidity have influence to financial performance of the company. Liquidity is evaluated by current ratio, and calculated by "current assets/current liabilities". The fourth hypothesis of the study can thus be formulated as follows:

H4: Liquidity positively and significantly impacts company financial performance.

Company Age

Company age provide information how long the company have been established. Companies that have been establish longer have advantages in customer base, assets, and management skills that will help the company to achieve more higher level of financial performance (Adriansyah et al., 2023). The previous research findings be in accordance that company age could actually help companies become more efficient, because by the time companies realize what they are excellent at and create better ways of doing things, the research indicates that company age has a strong beneficial effect on financial performance. Furthermore the research conclude that age helps companies to become more efficient, because by the time companies conceive what they are satisfactory at and organize better ways of doing things (Omondi et al., 2013). Company age shows that a company still exists and can compete and take advantage of business opportunities in an economy. The age of the company is important for investors to see the company's capability and to see the company's performance in creating profits and the future prospects of the investor's life in obtaining returns. The age of the company shows that the company is able to compete and survive in the market which reflects the company's high performance because the company's existence still exists today. Other study, company age have positively and significantly effects the performance of company (Aprilliani & Totok, 2018). In this research, company age is calculated by the number of years since establishment until year 2023. The fifth hypothesis of the study can thus be formulated as follows:

H5: Company age positively and significantly impacts company financial performance.

Development of framework for this research represents as below:

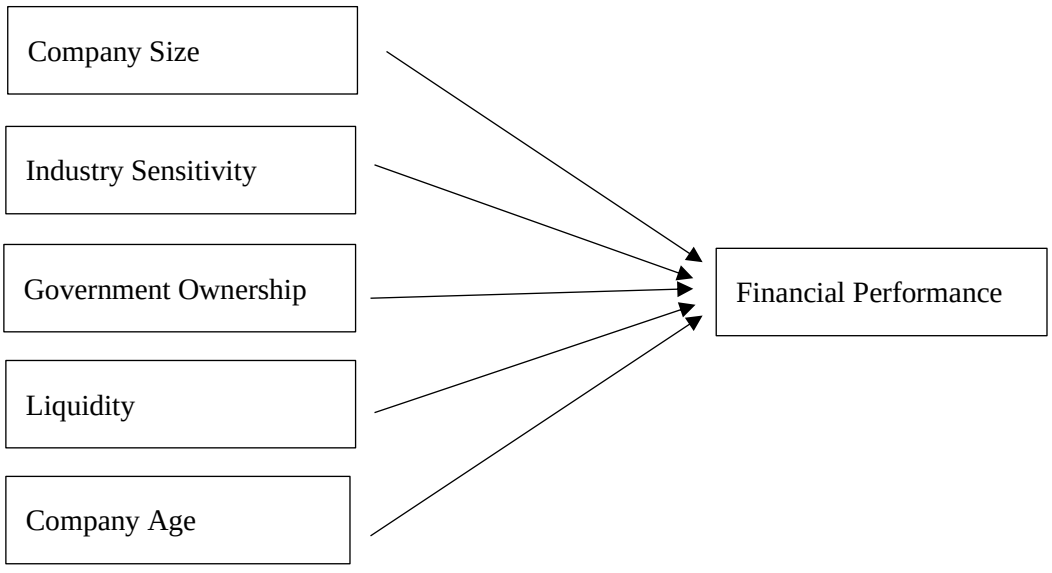

Figure 1. Development of framework for this research.

METHODS

This research use secondary data and purposive sampling method. Data collected from list of company Index BISNIS-27 that listed on Indonesia Stock Exchange and consistently listed between 2021-2023. Index BISNIS-27 is an index that evaluated by the price performance from 27 shares that determined by the Indonesian Business Index Committee (idx.co.id). Some criteria that uses for the Index are fundamental criteria, technical criteria or transaction liquidity, accountability and corporate governance. The data that have been collected were processed using SMART-PLS 4. Structural Equation Modeling-Partial Least Squares (SEM-PLS) is primarily used to develop theories in exploratory research. It does this by focusing on explaining the variance in the dependent variables when examining the model. Structural Equation Modeling-Partial Least Squares (SEM-PLS) works efficiently with small sample sizes and complex models and makes practically no assumptions about the underlying data (Hair et al., 2017).

Company size calculated as the natural logarithm of total assets (Nguyen et al., 2021). For industry sensitivity, listed data were identify whether a company is from "more sensitive industry" or "less sensitive industry". Company which operationals are related to mining, oil and gas, construction and building materials, chemicals, forestry and paper, steel and other metals, electricity, gas distribution and water industries are classified as "more sensitive" sectors. The remaining sectors are classified as "less sensitive". If a company is from "more sensitive industry", it is use one and if a company is from "less sensitive industry", it is use zero (Nguyen et al., 2021). The ratio of government ownership identified by the government ownership percentage in a company, >50%, it is identify a value of 1, and if not, it is identified with a value of 0.

The liquidity is examined by current ratio, which is calculated by "current assets/current liabilities" (J. Zutter et al., 2019). In addition, company age is calculated by the number of years since a company established.

Table 1. Operational Definition of Variables.

Variable	Definition	Measurement
Company Size	Company size is the size of the company's operations. Company size can be defined by several measurements, such as turnover, sales, revenues, total assets and number of employees Company size shows how capable the company is of generating profits, the bigger the company, the higher the profits generated	For this research, company size is calculated as the natural logarithm of total assets
Industry Sensitivity	Industry sensitivity is refer to specific industry where the company's operationals have major environmental impact, particularly operational of company which have potential for environmental destruction. Company which operationals are related to mining, oil and gas, construction and building materials, chemicals, forestry and paper, steel and other metals, electricity, gas distribution and water industries are classified as "more sensitive" sectors. The remaining sectors are classified as "less sensitive"	Researchers use one/zero variable to define companies from these industries—if the company is from a more sensitive industry, it is use one and if the company is from a less sensitive industry, it is use zero
Government Ownership	Government ownership is the industry, assets, or company owned by government	For this research, if the ratio of government ownership (determined by government ownership percentage in a company) is >50%, we are determined it a worth of 1, and if not, it is determined with a worth of 0
Liquidity	Liquidity is a company's ability to convert assets to cash or acquire cash—through a loan or money in the bank—to pay its short-term obligations or liabilities	Liquidity is evaluated by current ratio, and calculated by "current assets/current liabilities"

Company Age	Company age shows how long a company have been conducted operations since establishment	Company age is calculated by the number of years since establishment until the research was conducted

Source: Author

The return on total assets (ROA) examines the overall effectiveness of management in creating profits with its available assets (J. Zutter et al., 2019). The return on equity (ROE) measures the return earned on the common stockholder' investment in the firm (J. Zutter et al., 2019).

Table 2. Data Sample for this research.

BISNIS-27 company	27
Company that not consistently listed between 2021-2023	9
Data Sample 2021-2023	18

Source: Author

Table 3. List of company BISNIS-27 that listed consistently between 2021-2023.

No	Code	Company
1	ADRO	Adaro Energy Indonesia Tbk.
2	AMRT	Sumber Alfaria Trijaya Tbk.
3	ANTM	Aneka Tambang Tbk.
4	ASII	Astra International Tbk.
5	BBCA	Bank Central Asia Tbk.
6	BBNI	Bank Negara Indonesia (Persero) Tbk.
7	BBRI	Bank Rakyat Indonesia (Persero) Tbk.
8	BMRI	Bank Mandiri (Persero) Tbk.
9	INCO	Vale Indonesia Tbk.
10	INKP	Indah Kiat Pulp & Paper Tbk.
11	KLBF	Kalbe Farma Tbk.
12	MDKA	Merdeka Copper Gold Tbk.
13	PGAS	Perusahaan Gas Negara Tbk.
14	SMGR	Semen Indonesia (Persero) Tbk.
15	TBIG	Tower Bersama Infrastructure Tbk.
16	TLKM	Telkom Indonesia (Persero) Tbk.
17	UNTR	United Tractors Tbk.
18	UNVR	Unilever Indonesia Tbk.

Source: idx.co.id

ANALYSIS

Descriptive analysis is to provide an overview of data that use for this research. Data collected from list of company Index BISNIS-27 that listed on Indonesia Stock Exchange and consistently listed between 2021-2023. Regarding to the results presented in Table 4, Log assets is shows with the mean 5.152, the excess kurtosis -1.016, and skewness 0.484. The industry sensitivity is shows with the mean 0.667, the excess kurtosis -1.529, and skewness -0.727. Government ownership is shows with the mean 0.389, the excess kurtosis -1.850, and skewness 0.469. Liquidity is shows with the mean 1.739, the excess kurtosis 2.681, and skewness 1.754. Company Age is shows with the mean 57.500, the excess kurtosis 1.644, and skewness 0.759. Return on Assets (RoA) is shows with the mean 0.091, the excess kurtosis 6.700, and skewness 2.344. Return on Equity (RoE) is shows with the mean 22.040, the excess

kurtosis 11.753, and skewness 3.48. The data processing is using SmartPLS-4. PLS-SEM's statistical properties contribute very robust model estimations using data that have normal as well as extremely nonnormal (i.e., skewness and/ or kurtosis) distributional properties (Hair et al., 2017).

Table 4. Descriptive analysis

Name	Mean	Median	Standard deviation	Excess kurtosis	Skewness
LogAss	5.152	5.048	0.651	-1.016	0.484
RoA	0.091	0.072	0.079	6.700	2.344
Liq	1.739	1.330	1.213	2.681	1.754
RoE	22.040	16.540	26.802	11.753	3.48
IndSens	0.667	1.000	0.471	-1.529	-0.727
GovOwn	0.389	0.000	0.487	-1.850	0.469
CompYear	57.500	58.000	25.786	1.644	0.759

Source: Author

Figure 2. Presented the theoretical framework of the research. It is showing that company size, industry sensitivity, government ownership, liquidity and company age effect to financial performance of the company (Nguyen et al., 2021).

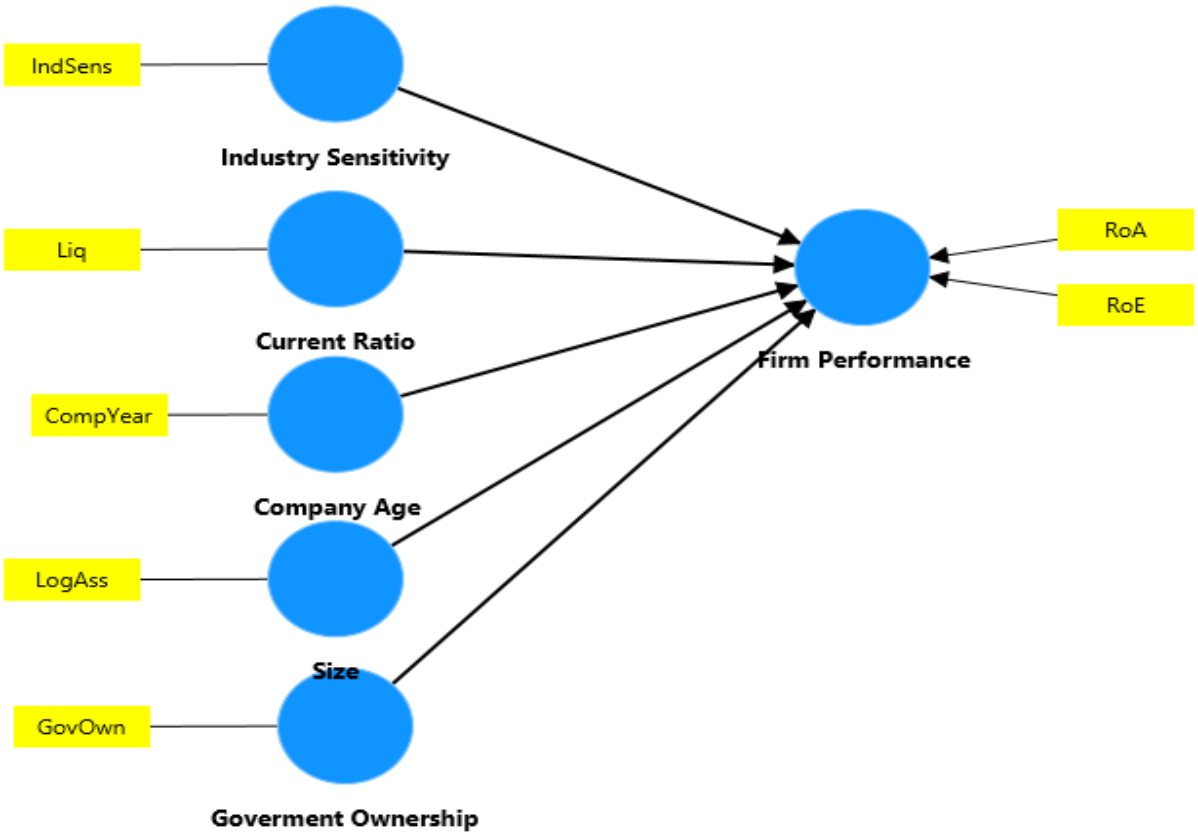

Figure 2. The theoretical framework of the research

High outer loadings on a construct suggest the linked indicators have much in common, which is captured by the construct (Hair et al., 2017). Regarding to the results presented in Table 5. the descriptive for the return on equity (RoE) give more effect to financial performance of the company rather than the descriptive for the return on assets (RoA). The outer loadings return on equity (RoE) is shows 0.891. While the outer loadings return on assets (RoA) is shows 0.550.

Table 5. The results for outer loadings

	Firm Performance
RoA	0.550
RoE	0.891

Source: Data Processing Results

Regarding to the results presented in Table 6. the R-square 0.647. Variables that are used to verify factors that effect on financial performance in this research can describe 0.647, while the 0.353 factors that effect on financial performance of the company are from others.

Table 6. The results for R-square

	R-square	R-square adjusted
Firm Performance	0.647	0.610

Source: Data Processing Results

The possible existence of multicollinearity is assessed based on the variance inflation factor (VIF). In the context of PLS-SEM, a tolerance value of 0.20 or lower and a VIF value of 5 and higher respectively suggest a potential collinearity problem (Hair et al., 2017). Refer to the results presented in Table 7. there is no existence of multicollinearity. The return on equity (RoE) is shows with the variance inflation factor (VIF) 4.090. Meanwhile, the return on assets (RoA) is shows with the variance inflation factor (VIF) 4.090.

Table 7. The results for Collinearity statistics (VIF)

	VIF
RoA	4.090
RoE	4.090

Source: Data Processing Results

Regarding to the results presented in Table 8. Liquidity (Current ratio), and company size have a positive and significant effect on the company's financial performance. The positive, and significant effect can be identified from the p values 0.044 (less than 0.05) for liquidity (current ratio), and p values 0.025 (less than 0.05) for company size. These results support the theoretical basis and findings from previous research, liquidity has a beneficial effect on financial performance, this means that the higher the company liquidity level, can improve the financial performance worth (Dyana Novita Taristy et al., 2022). Liquidity is a company's capability to convert assets to cash or acquire cash—through a loan or money in the bank—to pay its short-term obligations or liabilities. According to (Airout et al., 2023), liquidity is the capability of firms to finance asset growth and meet incurred obligations. A company's need to pay attention to the continuing calibration between liquidity and profitability in order to meet the operational and growth process requirements as well as to achieve the aspirations of the shareholders through enhancing their financial company performance (Durrah et al., 2016). Higher liquidity levels lead to better company financial performance since the liquidity can shows a company's capability asset growth and how well a company's can meet their short-term obligations. Meanwhile the industry sensitivity, government ownership, and company age have a positive and not significant on financial performance of the company. The positive, and not significant effect can be identified from the p values 0.158 (more than 0.05) for industry sensitivity, p values 0.392 (more than 0.05) for government ownership, and p values 0.145 (more than 0.05) for company age. This result is contradicts the theoretical basis and findings companies with more sensitivity industries have better financial and social disclosure rates, they are present financial performance and lower cost of capital estimates than their counterparts with non-sensitivity industries (Garcia et al., 2017), this results can be shows since the sample data for this research use data from various industries which listed on Index BISNIS-27 on Indonesia Stock Exchange, researcher not specifically examine companies which the operational are related to mining, oil and gas, construction and building materials, chemicals, forestry and paper, steel

and other metals, electricity, gas distribution and water industries. The results for government ownership p values 0.392 (more than 0.05), consequently this results shows that ownership of government for the company does not affect company's financial performance, this is support the theoretical basis and findings government ownership company have been trailing behind the private sectors regarding to efficiency, productivity, and financial performance (AlAli & Saeed, 2020). Also, the results for company age p values 0.145 (more than 0.05), this result is contradicts the theoretical basis and findings companies that have been around longer have advantages in customer base, assets, and management skills that will help the company to achieve a higher level of financial performance (Adriansyah et al., 2023), from the results it is shows the longer establishment of a company does not indicates that their financial performance get better, this is support previous study (Muslih & Marbun, 2020) company age has no effect on the performance of banking companies listed on the Indonesia Stock Exchange in 2013 - 2018.

Table 8. The results for path coefficients

	Original sample (O)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Company Age -> Firm Performance	0.296	0.204	1.456	0.145
Current Ratio -> Firm Performance	-0.273	0.136	2.011	0.044
Government Ownership -> Firm Performance	-0.250	0.292	0.857	0.392
Industry Sensitivity -> Firm Performance	-1.364	0.965	1.413	0.158
Size -> Firm Performance	-0.480	0.214	2.245	0.025

Source: Data Processing Results

Regarding to the results presented in Table 9. The IPMA integrates these two features graphically by contrasting the (unstandardized) total effects on the x-axis with the latent variable scores, rescaled on a range from 0 to 100, on the y-axis (Ringle & Sarstedt, 2016). The total effects show the preceding constructs' importance in shaping the target construct, while their average latent variable scores show their performance. The purpose is to find predecessors that have a relatively high importance for the target construct (i.e., those that have a significant total influence) but also a relatively low performance (i.e., low average latent variable scores). The points beneath these constructions highlight prospective areas of improvement that may deserve significant focus (Hair et al., 2017). The importance performance matrix analysis shows that company age has a comparatively low performance of 38.889, and with importance (a total effect) of 0.296, this construct's importance is notably high. There is a particularly large possibility to improve the performance of the structures positioned for company age. Meanwhile, industry sensitivity has a comparatively high performance of 66.667, and with importance (a total effect) of -1.364, this construct's value is particularly low. Liquidity (current ratio) has a comparatively low performance of 26.343, and with importance (a total effect) of -0.273, this construct's value is particularly low. Government ownership has a comparatively low performance of 38.889, and with importance (a total effect) of -0.250, this construct's value is particularly low. Company size has a comparatively low performance of 43.958, and with importance (a total effect) of -0.480, this construct's value is particularly low.

Table 9. The results for importance - performance matrix analysis (IPMA).

	Firm Importance	Performance
Company Age	0.296	38.889
Current Ratio	-0.273	26.343
Government Ownership	-0.250	38.889
Industry Sensitivity	-1.364	66.667
Size	-0.480	43.958

Source: Data Processing Results

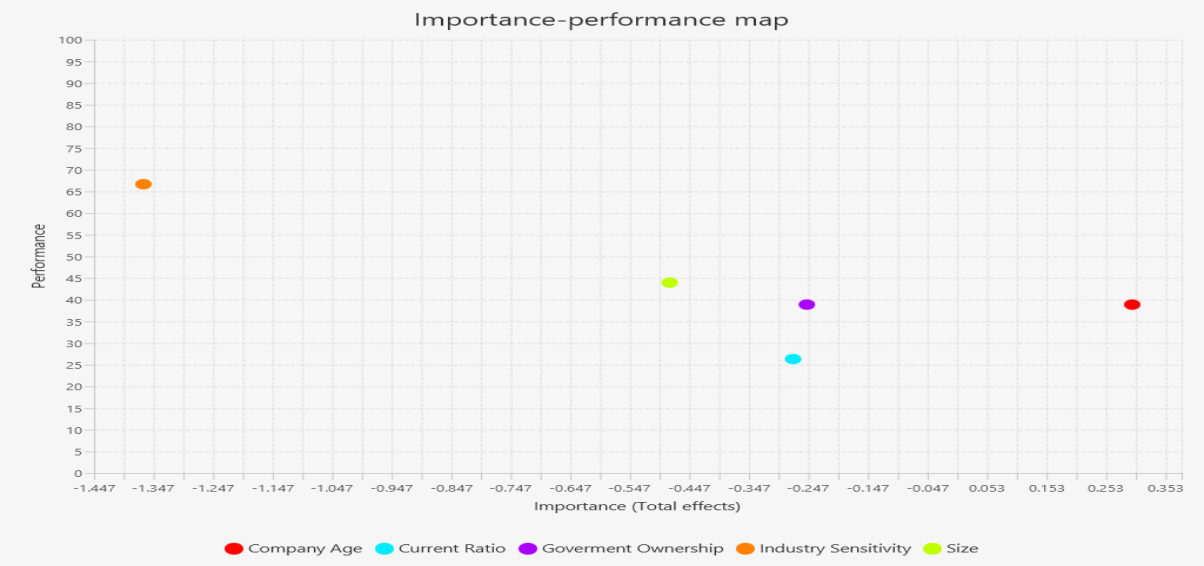

Figure 3. The Importance Performance Map

CONCLUSION

This research is intended to measures whether company size, industry sensitivity, government ownership, liquidity and company age effects the financial performance of company that listed in Index BISNIS-27 between year period 2021-2023. The data collected were processed using SmartPLS 4. The research concludes that liquidity (current ratio), and company size have a positive and significant effect on the company's financial performance. Meanwhile, the industry sensitivity, government ownership, and company age have a positive and not significant on the company's financial performance.

According to this research, return on equity (RoE) can describe more effect in order to assess the financial performance than the return on assets (RoA) for listed company index BISNIS-27 year period 2021-2023. However, company can use other measure to monitor their financial performance.

There are some limitations that researcher experienced during the research. The limitation is some companies that listed in Index BISNIS-27 were not consistently listed on period year 2021-2023. As the result of the inconsistently company that listed in Index BISNIS-27, some of the company were not added as part of this research, which lowered the sample size. Other limitations of the research are researcher only examine independent variable for company size, industry sensitivity, government ownership, liquidity, and company age. This research also limited to examine indicator of financial performance from return on equity (RoE), and return on assets (RoA). Thus, more research can be conducted to determine other factors that effect financial performance. Factors such as managerial competency and capitalization of the company are recommended for future study. Also for further research, researcher can add capital structure, and leverage ratio to examine factors that effect financial performance of the company. Some of the important factors identified in the literature include the company's size, capital structure, the level of debt, the level of liquidity, leverage ratio and the level of profitability, etc. The capital structure of a company including the mix of debt and equity financing, is a crucial determinant of its financial performance, with the optimal leverage ratio varying across industries and depend on various factors such as business risk and market conditions (Thi Thuy, 2023). Further researcher can also use sample size from other index, such as Index LQ45, Index Kompas100, or others sampling method that is more represents company sectors.

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