

The Effects of Capital Structure, Firm Size and Firm Growth on Financial Performance

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ABSTRACT

This study aims to determine the influence of Capital Structure, Company Size, and Company Growth on Financial Performance. The population of this study is non-cyclical consumer companies listed on the Indonesia Stock Exchange for the period 2020-2024. The number of samples obtained by purposive sampling technique is as many as 20 companies with observations for 5 years obtained a total of 100 company data. This research method is used as a quantitative method using secondary data with an associative approach. While the data analysis technique is multiple linear regression analysis using eviews 13. The results of the study show that Capital Structure, Company Size, and Company Growth together affect Financial Performance. Partially, Capital Structure and Company Growth have no effect on Financial Performance, while Company Size has an effect on Financial Performance. The results of the study provide implications for the management of companies in the consumer non-cyclical sector to pay attention to the optimization of company size as one of the factors related to improving financial performance, as well as to evaluate funding decisions and growth strategies more selectively.

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Struktur Modal, Ukuran Perusahaan, dan Pertumbuhan Perusahaan Terhadap Kinerja Keuangan. Populasi penelitian ini adalah perusahaan consumer non-cyclicals yang terdaftar di Bursa Efek Indonesia periode 2020-2024. Jumlah sampel yang diperoleh dengan teknik pengambilan sampel purposive sampling adalah sebanyak 20 perusahaan dengan pengamatan selama 5 tahun diperoleh jumlah observasi sebanyak 100 data perusahaan. Metode penelitian ini digunakan adalah metode kuantitatif dengan menggunakan data sekunder dengan pendekatan asosiatif. Sedangkan teknik analisis data adalah analisis regresi linier berganda menggunakan eviews 13. Hasil penelitian menunjukkan bahwa Struktur Modal, Ukuran Perusahaan, dan Pertumbuhan Perusahaan secara bersama-sama berpengaruh terhadap Kinerja Keuangan. Secara parsial, Struktur Modal dan Pertumbuhan Perusahaan tidak berpengaruh terhadap Kinerja Keuangan, sedangkan Ukuran Perusahaan berpengaruh terhadap Kinerja Keuangan. Hasil penelitian memberikan implikasi bagi manajemen perusahaan sektor consumer non-cyclicals untuk memperhatikan optimalisasi ukuran perusahaan sebagai salah satu faktor yang berkaitan dengan peningkatan kinerja keuangan, serta mengevaluasi keputusan pendanaan dan strategi pertumbuhan secara lebih selektif.

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INTRODUCTION

The development of the times followed by rapid technological advances has caused competition in the business world to become more intense. This condition requires every company to be able to optimize the achievement of goals, both from operational and financial aspects. In the face of competition, companies are not only required to increase sales and expand markets, but also must be able to maintain efficiency and manage resources optimally. Understanding the company's condition, especially through financial performance, is important because it can be used by management as a basis for determining the company's strategy and policies. For consumer non-cyclical companies, especially the food and beverage industry, increasing competition can encourage companies to continue to improve quality and innovate products. However, if the company is unable to adapt and maintain quality in a sustainable manner, this condition can cause the product to lose competitiveness in the market (Syamsul Bakhtiar, 2020).

Financial performance is an overview of a company's financial condition which is analyzed using financial analysis tools. This analysis aims to assess whether the company's finances are in good or bad shape, so that it can show how well the company performed during a certain period (Septiani et al., 2024). Financial performance assessments are important to determine the level of company health, profit-making ability, and effectiveness of resource management. Information about financial performance is not only needed by management in evaluating the company's achievements, but also a consideration for investors in determining investment decisions. Unhealthy financial conditions can increase the risk of financial difficulties to bankruptcy, so companies need to maintain financial performance to remain stable and sustainable (Gemilang & Wiyono, 2022). In addition, profit acquisition can be one of the indicators of a company's success from a financial aspect because it shows the company's ability to carry out business activities and maintain the sustainability of its operations (Subakhtiar et al., 2022).

The importance of financial performance is increasingly seen in companies in the food and beverage industry because this subsector is part of consumer non-cyclicals that have an important role in the economy. Food and beverage products are daily necessities so the level of demand is relatively stable. However, these conditions do not make the company free from various pressures, such as changes in raw material prices, increased operational costs, and market competition. One of the companies that faces this dynamic is PT Mayora Indah Tbk (MYOR). The company, which is known through various products such as Kopiko, Beng-Beng, and Roma, experienced changes in profit performance during the 2020–2024 period. The company's net profit was recorded at IDR 2.06 trillion in 2020, then decreased to IDR 1.18 trillion in 2021, before increasing again to IDR 1.94 trillion in 2022 and IDR 3.19 trillion in 2023. However, in 2024 net profit will again decline to around IDR 3 trillion.

This phenomenon is interesting because the decline in PT Mayora Indah Tbk's profit in 2024 occurs when net sales actually increase. Based on data quoted from Kontan (2025) [5], MYOR's net sales increased by 14.57% year on year, from IDR 31.49 trillion in 2023 to IDR 36.07 trillion in 2024. However, the increase in sales was not followed by an increase in profit due to an increase in cost of goods sold from Rp23.07 trillion to Rp27.77 trillion, accompanied by an increase in operating and administrative expenses. Operating profit also decreased from IDR 4.29 trillion in 2023 to IDR 3.91 trillion in 2024. The increase in the cost of raw materials, especially commodities such as coffee and chocolate, is one of the factors that put pressure on the company's profit margins. This condition shows that revenue growth does not always reflect an improvement in financial performance because operational efficiency and cost management also have an important role in determining a company's profit. The phenomenon experienced by PT Mayora Indah Tbk (MYOR) indicates that an increase in sales does not necessarily lead to an improvement in financial performance. This condition can be related to the company's capital structure and firm size. As a company with a relatively large asset base and substantial operational activities, MYOR requires adequate funding to support production, distribution, and business expansion. However, the use of external financing, particularly debt, may increase financial costs and affect the company's ability to generate profits when operating costs and raw material prices increase. At

the same time, a larger firm size provides greater resources and operational capacity, but these advantages do not automatically result in higher financial performance when the company's assets are not managed efficiently. Thus, the MYOR phenomenon illustrates that the relationship between capital structure, firm size, and financial performance is not necessarily linear and requires further empirical examination.

One of the factors that can be related to financial performance is the capital structure. Every company needs capital to support operational activities, both internally and externally. Short-term funding needs can be met through current debt, while long-term needs such as expansion and production capacity increase can be met through long-term debt or equity. Therefore, companies need to manage their capital structure appropriately so that the use of funding sources can support operational activities and business continuity (Ritonga et al., 2021). A well-managed capital structure can help companies meet their funding needs, but the use of debt that is too high can also increase the company's burden and potentially depress profits. The results of previous research also show that there is a difference in findings. (Christina, 2022), (Sembiring et al., 2024) [9], and (Jhon & Arita, 2024) found that the capital structure had an effect on financial performance, while (Sagala & Nurmala, 2021), (Hasti et al., 2022), (Yulia Ratna Sari & Nina Dwi Setyaningsih, 2024), and (Cahyani, & Puspitasari, 2023) found that the capital structure had no effect on financial performance. The differences in previous findings may be attributed to differences in the indicators used to measure capital structure and financial performance, the observation periods, and the characteristics of the research samples. For example, studies conducted during periods affected by the COVID-19 pandemic may produce different results from studies conducted during periods of economic recovery because changes in business activity, financing needs, and financial risks can affect the relationship between debt and financial performance. In addition, differences in industry characteristics may also influence the effectiveness of debt utilization, particularly between companies with different levels of asset intensity, operational risks, and funding requirements. Therefore, the inconsistent findings suggest that the effect of capital structure on financial performance may depend on the economic conditions and characteristics of the companies examined.

In addition to the capital structure, the size of the company and the growth of the company are also factors that can be attributed to financial performance. The size of a company is generally seen based on the number of assets it owns and can describe the scale and operational capacity of the company. Companies with large assets tend to have wider resources and access to funding so that they can support operational activities and business development (Oktavia & Rahayu, 2017). However, the size of assets does not necessarily guarantee better financial performance. Meanwhile, the company's growth describes the company's ability to develop its business activities over time. One of the measurements is Total Asset Growth (TAG), which shows the change in a company's total assets from one period to the next (Yani et al., 2025). Positive asset growth may reflect a company's growth prospects, but an increase in assets does not necessarily directly result in an increase in profits if the asset has not been utilized optimally.

The relationship between firm size and firm growth on financial performance still shows mixed results. Some studies have found that firm size has an effect on financial performance, while others show the opposite (Harsono & Pamungkas, 2024), (Nurmayanti & Shanti, 2023)[(Rahmadita & Amri, 2024)]. Similarly, research on firm growth shows differences in outcomes, with some studies finding an effect on financial performance, while others find no significant effect. The differences in previous findings may be related to variations in measurement indicators, observation periods, and sample characteristics. Firm size can be measured using total assets, total sales, or other proxies, while firm growth can be represented by asset growth, sales growth, or other indicators. Different measurement approaches may capture different aspects of company scale and growth and consequently produce different relationships with financial performance. Furthermore, economic conditions, particularly during and after the COVID-19 pandemic, may affect the ability of large and growing companies to convert their resources and expansion into profitability. The characteristics of the consumer non-cyclicals sector are also relevant because companies in this sector face relatively stable consumer demand but remain exposed to fluctuations in raw material prices, production costs, and competitive pressures.

The relationship between capital structure, firm size, firm growth, and financial performance can be explained through several theoretical perspectives. Trade-off Theory explains that companies determine their capital structure by balancing the benefits of debt financing against the potential costs of financial distress and financial risk. From this perspective, an appropriate level of debt can support company activities and improve financial performance, whereas excessive debt can increase financial costs and reduce profitability. Pecking Order Theory explains that companies tend to prioritize internal financing, followed by debt and equity financing, based on information asymmetry and financing costs. This theory is relevant to understanding how companies determine funding sources to support operational activities and business expansion. Meanwhile, Agency Theory explains the potential conflict of interests between managers and shareholders, particularly in relation to the management of company resources and financing decisions. Larger companies with greater resources may face more complex agency relationships, requiring effective monitoring and resource management to ensure that company assets contribute to improved financial performance. These theoretical perspectives provide a framework for explaining why capital structure, firm size, and firm growth may have different effects on financial performance across companies and economic conditions.

Based on the phenomenon and the inconsistency of previous research findings, there remains an empirical gap concerning the relationship between capital structure, firm size, and firm growth and financial performance. Previous studies have produced different findings, which may be related to differences in measurement indicators, observation periods, economic conditions, and company characteristics. This study therefore focuses specifically on companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange during 2020–2024. The selection of this sector is relevant because its products are closely related to daily consumer needs, while companies within the sector continue to face cost pressures, competitive dynamics, and changes in operating conditions. By examining capital structure, firm size, and firm growth simultaneously, this study is expected to provide more specific empirical evidence regarding the factors associated with financial performance in the consumer non-cyclicals sector. The findings are expected to contribute to the development of empirical evidence on corporate financial performance and provide practical insights for management in making financing, resource allocation, and business growth decisions.

RESEARCH METHOD

This study uses a quantitative method with an associative approach. Quantitative research is used to test the relationships and influences between variables through statistically analyzeable data. According to (Sugiyono, 2023), Quantitative research methods are methods based on the philosophy of positivism, used to research certain populations or samples, by collecting data using quantitative or statistical research and analysis instruments to test predetermined hypotheses. Meanwhile, the associative method is used to find out the relationship between two or more variables. This study analyzes the influence of capital structure (X1), Firm size (X2), and firm growth (X3) on financial performance (Y), both partially and simultaneously. Financial performance is measured using Return on Asset (ROA) as used by (Putri & Raflis, 2024) and (Jessica & Triyani, 2022). Capital structure is measured using the Debt to Equity Ratio (DER) which describes the comparison between debt and capital itself. Firm size is measured using natural logs of total assets, while company growth is measured based on changes in total assets from the previous period.

The research population consists of 132 consumer non-cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The determination of samples is carried out using the purposive sampling technique, which is a sample selection technique based on certain considerations or criteria (Sugiyono, 2023). The sample criteria include consumer non-cyclicals sector companies listed on the IDX consecutively during 2020–2024, present financial statements consecutively for the period, using the rupiah currency, experienced profits during the research period, experienced positive asset growth, and have complete data related to all research variables. Research data is secondary data obtained through literature studies and documentation methods. Literature studies are carried out using books, journals, the internet, news, and other

relevant sources, while documentation is used to obtain company financial information through annual reports and financial reports published on the official website of the Indonesia Stock Exchange. The use of the secondary data is in accordance with (Sugiyono, 2023) which explains that data collection techniques are an important stage in research to obtain the necessary data.

The variables in this study comprise capital structure, firm size, and firm growth as independent variables, while financial performance serves as the dependent variable. Each variable is measured using a specific indicator and formula based on relevant literature. The operationalization of the variables is presented in Table 1.

Tabel 1. Operational Variable

Variable	Indicator	Scale
Capital Structure	DER = Total Debt / Total Equity	Ratio
Firm Size	Firm Size = Natural Logarithm (Ln) of Total Assets	Ratio
Firm Growth	Growth = (Total Assets – Total Assets _{t-1}) / Total Assets _{t-1}	Ratio
Financial Performance	ROA = Net Income / Total Assets × 100%	Ratio

Source: Processed by the researchers (2026)

The data analysis technique uses EViews 13 with a panel data regression approach which is a combination of time series and cross section data. The analysis begins with descriptive statistics which include the mean value, standard deviation, maximum, and minimum. Furthermore, the selection of panel data regression models was carried out through Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) based on the Chow test, Hausman test, and Lagrange Multiplier test. After the selected model, a classical assumption test was carried out which included a normality test using the Jarque-Bera, a multicollinearity test, a heteroscedasticity test using the Glejser test, and an autocorrelation test using the Durbin-Watson (Ghozali & Ratmono, 2017). Furthermore, panel data regression analysis was used to determine the direction and magnitude of the influence of independent variables on financial performance with equations $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$. Hypothesis testing is carried out through the F test to determine the influence of independent variables simultaneously, the t-test to determine the partial influence of each variable, and Adjusted R-Squared to measure the model's ability to explain the variation of dependent variables.

RESULTS AND DISCUSSION

Overview of Research Objects

This study uses objects of non-cyclicals consumer sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. This sector was chosen because consumer non-cyclical companies produce goods and services that people need in their daily lives so that they have an important role in the economy. The study population amounted to 132 companies listed on the IDX during the observation period. The sampling technique used is purposive sampling, which is the selection of samples based on certain criteria that have been set in accordance with the research objectives. Based on the selection process, 20 companies were obtained that met all criteria, so that with an observation period of five years, as many as 100 observation data were produced. The data used is secondary data in the form of the company's annual financial statements obtained from the official website of the Indonesia Stock Exchange. Furthermore, research data was processed using Microsoft Excel and EViews 13 to conduct analysis according to the research model used.

The sample selection was carried out based on several criteria, namely consumer non-cyclicals companies that were listed consecutively on the IDX during the 2020–2024 period, present complete financial statements, use Rupiah currency, experience profits during the research period, have positive asset growth, and have the completeness of data needed to measure all research variables. Of the 132 companies in the population, there are 48 companies that do not present financial statements in a row, 3 companies that do not use the Rupiah currency, 37 companies that do not meet the profit criteria, and 24 companies that do not have positive asset

growth. After all the criteria were applied, 20 companies were obtained that met the requirements as a research sample. Thus, the total number of observations analyzed in this study was 100 observations from 20 companies during the five years of observation.

Descriptive Statistical Analysis
Table 1. Descriptive Statistical Test

	FP	CS	FZ	FG
Mean	0.104227	0.797664	29.34409	0.122816
Median	0.087700	0.516050	29.38805	0.096500
Maximum	0.331900	3.065600	32.93790	0.694500
Minimum	0.012100	0.100200	25.70340	0.003600
Std. Dev.	0.062714	0.687848	1.542812	0.110183
Skewness	1.268413	1.349639	0.084950	2.122158
Kurtosis	4.711303	4.170811	3.028916	10.13737
Jarque-Bera	39.01687	36.07039	0.123759	287.3181
Probability	0.000000	0.000000	0.939996	0.000000
Sum	10.42270	79.76640	2934.409	12.28160
Sum Sq. Dev.	0.389371	46.84040	235.6466	1.201890
Observations	100	100	100	100

Source: Output E-Views 13 (2026)

Based on Table 1, the descriptive statistics of the study use 100 observations obtained from 20 companies during the period 2020–2024. The mean value shows the average value of all research data, while the maximum and minimum values show the highest and lowest values during the observation period. Meanwhile, the standard deviation is used to see the level of data spread from the average value. The results of the descriptive statistics show that the financial performance variable (Y) has a minimum value of 0.012100 in PT Indonesian Tobacco Tbk in 2020 and a maximum value of 0.331900 in PT Multi Bintang Indonesia Tbk in 2024. The mean value of 0.104227 is greater than the standard deviation of 0.062714, thus showing that financial performance data has a relatively low spread rate and tends to be homogeneous.

The capital structure variable (X1) has a minimum value of 0.100200 at PT Siantar Top Tbk in 2024 and a maximum value of 3.065600 at PT Mudi Utama Indonesia Tbk in 2020. The mean value of the capital structure of 0.797664 is greater than the standard deviation of 0.687848, which indicates that the capital structure data is relatively homogeneous with a spread that is not too far from the average value. Furthermore, the Firm size variable (X2) has a minimum value of 25.70340 at PT Kurniamitra Duta Sentosa Tbk in 2020 and a maximum value of 32.93790 at PT Indofood Sukses Makmur Tbk in 2024. The mean value of 29.34409 which is larger than the standard deviation of 1.542812 shows that the size of the company in the research sample has a relatively low variation and tends to be homogeneous.

The company's growth variable (X3) has a minimum value of 0.003600 for PT Multi Bintang Indonesia Tbk in 2020 and a maximum value of 0.694500 for PT Indofood Sukses Makmur Tbk in 2020. The company's mean growth value of 0.122816 is greater than the standard deviation of 0.110183, thus showing that the company's growth data tends to be homogeneous. Overall, the *greater* than standard deviation values across the study variables showed that the data spread was relatively controlled and did not show too high variation during the observation period. This gives the impression that the characteristics of the company's data in the study sample are relatively consistent.

Test Panel Data Regression Model
Table 2. Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.496723	0.117413	4.230544	0.0001
CS	-0.008454	0.008960	-0.943514	0.3478
FZ	-0.013432	0.004023	-3.339258	0.0012
FG	0.068431	0.053941	1.268624	0.2076
R-squared	0.167625	Mean dependent var		0.104227
Adjusted R-squared	0.141614	S.D. dependent var		0.062714
S.E. of regression	0.058104	Akaike info criterion		-2.813988

Sum squared resid	0.324103	Schwarz criterion	-2.709781
Log likelihood	144.6994	Hannan-Quinn criter.	-2.771813
F-statistic	6.444222	Durbin-Watson stat	0.366296
Prob(F-statistic)	0.000506		

Source: Output E-Views 13 (2026)

Table 2 indicates that CEM has a constant value of 0.496723, a regression coefficient value of the capital structure variable (X1) of -0.008454 with a probability of 0.3478, a regression coefficient value of the Firm size variable (X2) of -0.013432 with a probability of 0.0012 and a regression coefficient value of the firm growth variable (X3) of 0.068431 with a probability of 0.2076.

Table 3. Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.709728	0.560303	-3.051436	0.0031
CS	0.007255	0.012705	0.571020	0.5696
FZ	0.061661	0.019001	3.245128	0.0017
FG	-0.009839	0.033808	-0.291021	0.7718
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.815744	Mean dependent var		0.104227
Adjusted R-squared	0.763100	S.D. dependent var		0.062714
S.E. of regression	0.030524	Akaike info criterion		-3.941946
Sum squared resid	0.071744	Schwarz criterion		-3.342757
Log likelihood	220.0973	Hannan-Quinn criter.		-3.699443
F-statistic	15.49534	Durbin-Watson stat		1.450463
Prob(F-statistic)	0.000000			

Source: Output E-Views 13 (2026)

Table 3 indicates that FEM has a constant value of -1.709728, a regression coefficient of the variable capital structure (X1) of 0.007255 with a probability of 0.5696, a regression coefficient value of the Firm size variable (X2) of 0.061661 with a probability of 0.0017 and a regression coefficient of the firm growth variable (X3) of -0.009839 with a probability of 0.7718.

Tabel 4. Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.236386	0.210191	1.124623	0.2636
CS	-0.009149	0.010212	-0.895904	0.3725
FZ	-0.004281	0.007163	-0.597568	0.5515
FG	0.006079	0.033189	0.183165	0.8551
Effects Specification				
		S.D.		Rho
Cross-section random		0.051084		0.7369
Idiosyncratic random		0.030524		0.2631
Weighted Statistics				
R-squared	0.011753	Mean dependent var		0.026908
Adjusted R-squared	-0.019130	S.D. dependent var		0.032130
S.E. of regression	0.032436	Sum squared resid		0.101002
F-statistic	0.380558	Durbin-Watson stat		1.118685
Prob(F-statistic)	0.767230			
Unweighted Statistics				
R-squared	0.097760	Mean dependent var		0.104227
Sum squared resid	0.351306	Durbin-Watson stat		0.321625

Source: Output E-Views 13 (2026)

Table 4 indicates that REM has a constant value of 0.236386, a regression coefficient of the capital structure variable (X1) of -0.009149 with a probability of 0.3725, a regression coefficient value of the Firm size variable

(X2) of -0.004281 with a probability of 0.5515 and a regression coefficient of the firm growth variable (X3) of 0.006079 with a probability of 0.8551.

Panel Data Regression Model Selection Test

Table 5. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.255119	(19,77)	0.0000
Cross-section Chi-square	150.795805	19	0.0000

Source: Output E-Views 13 (2026)

Sourced in Table 5, obtained prob. Cross Section Chi-Square 0.0000 < significant 0.05, so H_0 is rejected, as well as H_1 is accepted. Therefore, the proper model is FEM.

Table 6. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.401250	3	0.0015

Source: Output E-Views 13 (2026)

Sourced from table 6, obtained prob. Cross section random 0.0015 < significant 0.05. Therefore, H_0 is rejected and H_1 is accepted, and FEM is established as a more suitable model.

Table 7. Conclusion of Model Selection Test Results

Model Data Panel	Criteria	Selected Models
Uji Chow	CEM vs FEM	Fixed Effect Model
Uji Hausman	FEM vs REM	Fixed Effect Model

Source: Data Processed by researchers, 2026

Referring to the results of the Chow Test and the Hausman Test as shown in Table 6, FEM is determined as the most suitable estimation model for this study. With the selection of FEM in both stages of testing, the Lagrange Multiplier (LM) Test is not required to determine the next model [24].

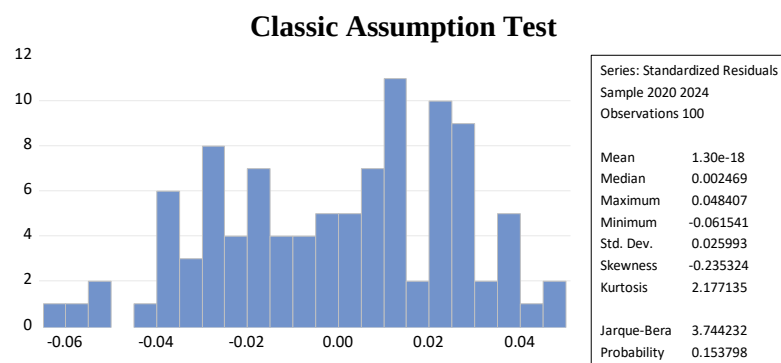


Figure 1. Normality Test

Source: Output E-Views 13 (2026)

According to the results of the normality test shown in Figure 4.1, there is a probability value of 0.153798 > 0.05, which indicates that the residual in the regression model is normally distributed. This conclusion suggests that the model meets the assumption of normality and can be further evaluated.

Table 8. Multicollinearity Test

	CS	FZ	FG
CS	1.000000	0.311452	-0.124236
FZ	0.311452	1.000000	-0.170217
FG	-0.124236	-0.170217	1.000000

Sumber: Output E-Views 13 (2026)

In table 8, the correlation between independent variables has a coefficient value of < 0.80 , so there is no multicollinearity.

Table 9. Heteroscedasticity Test
Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	2.256362	Prob. F(3,96)	0.0868
Obs*R-squared	6.586696	Prob. Chi-Square(3)	0.0863
Scaled explained SS	8.501140	Prob. Chi-Square(3)	0.0367

Source: Output E-Views 13 (2026)

The probability value is $0.0863 > 0.05$, according to the results of the heteroscedasticity test seen in Table 9. So, it can be concluded that in this study, there is no heteroscedasticity problem.

Table 10. Autocorrelation Test

R-squared	0.453726	Mean dependent var	-1.28E-16
Adjusted R-squared	0.424669	S.D. dependent var	0.057217
S.E. of regression	0.043399	Akaike info criterion	-3.378622
Sum squared resid	0.177049	Schwarz criterion	-3.222312
Log likelihood	174.9311	Hannan-Quinn criter.	-3.315361
F-statistic	15.61496	Durbin-Watson stat	1.979792
Prob(F-statistic)	0.000000		

Source: Output E-Views 13 (2026)

Based on the results of the autocorrelation test, it is known that the Durbin-Watson value is 1.979792. With the number of samples (N) as many as 100 and the number of independent variables (k) as many as 3 at a significance level of 5% or 0.05, a dL value of 1.6131 and dU of 1.7364 were obtained, resulting in a value of 4-dU of 2.2636. Based on the autocorrelation test criteria, the DW value is between dU and 4-dU which is $1.7364 < 1.979792 < 2.2636$. Thus, it can be concluded that the regression model does not experience autocorrelation symptoms.

Panel Data Regression Analysis Results

Table 11. Results of Regression Analysis with Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.709728	0.560303	-3.051436	0.0031
CS	0.007255	0.012705	0.571020	0.5696
FZ	0.061661	0.019001	3.245128	0.0017
FG	-0.009839	0.033808	-0.291021	0.7718

Source: Output E-Views 13 (2026)

The results of the panel data regression analysis using the FEM approach show the following regression equations, as shown in Table 11:

$$Y = -1.709728 + 0.007255X_1 + 0.061661X_2 - 0.009839X_3 + e$$

Based on the regression equation, the constant (α) is -1.709728. This negative value indicates that when Capital Structure (CS), Firm Size (FZ), and Firm Growth (FG) are theoretically equal to zero, the predicted Financial Performance (ROA) is -1.709728. However, this value should not be interpreted literally as the actual ROA of the sample companies because a condition in which all independent variables are equal to zero is not economically realistic. In the Fixed Effect Model (FEM), the constant represents the baseline component of the regression model after accounting for differences in the individual characteristics of each company. Therefore, the negative constant indicates that the baseline level of ROA captured by the model is negative when the effects of the explanatory variables are held at zero. This negative intercept may also reflect the influence of firm-specific and other unobserved factors that are not explicitly included in the model. Accordingly, the economic interpretation of the model should focus primarily on the direction and statistical

significance of the coefficients of Capital Structure, Firm Size, and Firm Growth rather than interpreting the constant independently.

Uji Hypothesis

Table 12. Determination Coefficient Test Results (Adjusted R-Squared)

R-squared	0.815744	Mean dependent var	0.104227
Adjusted R-squared	0.763100	S.D. dependent var	0.062714
S.E. of regression	0.030524	Akaike info criterion	-3.941946
Sum squared resid	0.071744	Schwarz criterion	-3.342757
Log likelihood	220.0973	Hannan-Quinn criter.	-3.699443
F-statistic	15.49534	Durbin-Watson stat	1.450463
Prob(F-statistic)	0.000000		

Source: Output E-Views 13 (2026)

Based on the results of the processing of the determination coefficient test with E-views 13 above, it yielded an Adjusted R-squared value of 0.7663100. The results showed that 76.3% of the dependent variables in the regression model were influenced by independent variables together. While the remaining 23.7% was explained by other factors outside the variables not used in this study.

Table 13. Simultaneous Significance Test (F Test)

R-squared	0.815744	Mean dependent var	0.104227
Adjusted R-squared	0.763100	S.D. dependent var	0.062714
S.E. of regression	0.030524	Akaike info criterion	-3.941946
Sum squared resid	0.071744	Schwarz criterion	-3.342757
Log likelihood	220.0973	Hannan-Quinn criter.	-3.699443
F-statistic	15.49534	Durbin-Watson stat	1.450463
Prob(F-statistic)	0.000000		

Source: Output E-Views 13 (2026)

Based on table 13, it was found that the F-statistic value was 15.49534, the prob (F-statistic) was 0.000000, Significant level of 0.05 with DF 1 (K-1) which is 3-1 = 2 and DF 2 (N-K) which is 100-3 = 97 . The results of simultaneous hypothesis testing showed that $F_{\text{statistic}} 15.49534 > F_{\text{table}} 3.09$ and $\text{prob } 0.000000 < \text{significance level } 0.05$, so the capital structure (X1), firm size (X2), and firm growth (X3) simultaneously affect financial performance (Y).

Table 14. Partial Test Results (t-test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.709728	0.560303	-3.051436	0.0031
CS	0.007255	0.012705	0.571020	0.5696
FZ	0.061661	0.019001	3.245128	0.0017
FG	-0.009839	0.033808	-0.291021	0.7718

Source: Output E-Views 13 (2026)

Based on the results of data processing in Table 14, the partial test (t-test) used t table of 1.66088 with a degree of freedom (df) = $100 - 4 = 96$ and a significance level of 0.05. The test results show that the Capital Structure (X1) has a calculated t of $0.571020 < 1.66088$ with a probability of $0.5696 > 0.05$, so that the Capital Structure does not have a significant effect on Financial Performance (Y). Meanwhile, Firm Size (X2) has a t calculation of $3.245128 > 1.66088$ with a probability of $0.0017 < 0.05$, so that Firm Size has a significant effect on Financial Performance. This suggests that changes in the size of the company can affect the level of the company's financial performance during the study period.

Firm Growth (X3) has a calculated t of -0.291021 which is in absolute terms smaller than the t table of 1.66088, with a probability of $0.7718 > 0.05$. Thus, the Company's Growth does not have a significant effect on Financial Performance. These results show that the increase or decrease in firm growth has not been able to provide significant changes to the financial performance of consumer non-cyclical companies. Overall, of the three independent variables tested, only Firm Size was shown to have a significant effect on Financial Performance, while Capital Structure and Firm Growth did not show a significant influence.

Discussion

The Effects of Capital Structure, Firm Size and Firm Growth on Financial Performance

Based on the results of the F test, a probability value of 0.000000 was obtained, which is smaller than the significance level of 0.05. Thus, H0 is rejected and H1 is accepted, indicating that Capital Structure, Firm Size, and Firm Growth collectively affect Financial Performance. These results indicate that financial performance in consumer non-cyclical companies listed on the Indonesia Stock Exchange during the 2020–2024 period is associated with a combination of financing decisions, company scale, and business development. Although some variables do not show significant effects individually, their combined presence provides explanatory power for variations in financial performance. This finding suggests that financial performance is a multidimensional outcome that cannot be fully explained by a single internal factor.

The joint effect can be understood from the different roles of each variable in the company's financial activities. Capital structure represents the financing decisions used to support operations and investment, firm size reflects the scale of resources and operational capacity, while firm growth represents the expansion of company assets and business activities. These factors may interact in determining how effectively companies transform financial resources into profitability. Therefore, although the partial effects differ, the combination of financing decisions, resource scale, and business expansion remains relevant in explaining variations in financial performance.

The results of this study are in line with previous research showing that capital structure affects financial performance (Rahmadita & Amri, 2024) firm size affects financial performance (Putri & Rafliis, 2024), and firm growth affects financial performance (Jessica & Triyani, 2022). However, the partial results of the present study indicate that the individual contribution of each variable is not uniform. This difference emphasizes that the relationship between corporate characteristics and financial performance needs to be interpreted based on the specific role and economic mechanism of each variable rather than solely based on their joint statistical significance.

The Effect of Capital Structure on Financial Performance

Based on the results of the hypothesis test in Table 4.16, the Capital Structure variable (X1) has a t-statistic of 0.571020, which is lower than the t-table value of 1.984984, with a probability value of 0.5696, which is greater than the 0.05 significance level. Therefore, Capital Structure does not have a significant effect on Financial Performance, so H2 is rejected and H0 is accepted.

The absence of a significant effect indicates that an increase in debt financing does not automatically translate into higher profitability for consumer non-cyclical companies. Although debt provides additional funds that can be used to finance operations, investment, and business expansion, the benefits of additional financing depend on the company's ability to generate returns that exceed the costs associated with the debt. When debt increases, the company must also bear interest and principal repayment obligations. If the additional funds generated from debt do not produce sufficient operating returns, the resulting financial burden can offset the potential benefits of the additional financing. Consequently, an increase in capital structure may not produce a meaningful improvement in ROA.

This finding can be explained by the Trade-off Theory, which states that companies determine the optimal level of debt by balancing the benefits of debt financing, particularly the tax shield from interest expenses, against the costs of financial distress and financial risk. In the context of this study, the tax shield obtained from interest expenses may not be sufficient to generate an improvement in profitability when the financial burden associated with debt becomes relatively high. In other words, the tax-saving benefit of debt can be offset by interest expenses and other financing-related costs. This condition becomes particularly relevant when companies face increases in raw material prices, production costs, and other operating expenses, as experienced by companies in the consumer non-cyclicals sector during the observation period. Under such circumstances, additional debt may increase financial obligations without producing a proportional increase in operating profit.

Furthermore, the insignificant effect suggests that the effectiveness of debt depends not merely on the amount of debt but on how efficiently the borrowed funds are allocated. Debt used for productive investments that generate sufficient cash flows may improve profitability, whereas debt used to finance activities that have not yet generated adequate returns may increase financial costs without improving ROA. Thus, the findings indicate that increasing the proportion of debt alone is insufficient to improve financial performance; rather, the productivity of debt-financed investments and the company's ability to manage financing costs are more important.

The results of this study are in line with the research conducted by (Cahyani, & Puspitasari, 2023), (Ritonga et al., 2021) which states that the capital structure has no effect on financial performance. In research (Yulia Ratna Sari & Nina Dwi Setyaningsih, 2024), also states that capital structure has no effect on financial performance. Furthermore, the study (Hasti et al., 2022) (Zidan et al., 2025) also states that capital structure has no influence on financial performance.

The Effect of Firm Size on Financial Performance

Based on the results of the hypothesis test shown in Table 4.16, the Firm Size variable (X2) has a t-statistic of 3.245128, which is greater than the t-table value of 1.984984, with a probability value of 0.0017, which is lower than the 0.05 significance level. Therefore, Firm Size has a significant positive effect on Financial Performance, so H3 is accepted and H0 is rejected.

The positive effect of firm size indicates that larger companies tend to have greater capacity to generate financial returns from the resources they control. This relationship can be explained through the concept of economies of scale, in which an increase in production and operational scale allows companies to spread fixed costs over a larger volume of output. As a result, the average cost per unit can decline, enabling large companies to operate more efficiently. In the consumer non-cyclicals sector, economies of scale can be particularly important because companies generally operate through large-scale production, distribution, and marketing activities. A larger operational scale allows companies to optimize production capacity, distribution networks, technology, and other resources, thereby supporting profitability.

Firm size may also provide companies with greater bargaining power within the supply chain. Large companies generally purchase raw materials and other inputs in relatively large quantities, which can strengthen their negotiating position with suppliers. This bargaining power may enable companies to obtain more favorable purchasing terms, negotiate prices, and manage procurement more efficiently. In addition, large companies may have stronger relationships with distributors and financial institutions, providing greater flexibility in managing operational and financing requirements. These advantages can reduce operational costs and improve the efficiency with which assets are converted into revenue and profit.

The positive relationship can also be viewed from the perspective of resource availability. Companies with larger asset bases generally have greater resources to support technological investment, production capacity, distribution networks, and market expansion. However, the positive result does not imply that assets automatically generate higher profits. Rather, the finding suggests that within the observed sample, larger asset ownership is associated with greater operational capacity and resource advantages that can be translated into improved financial performance.

This finding is also consistent with Agency Theory, because larger companies generally have more complex organizational structures and greater resources that require effective monitoring and control. When managerial supervision, internal control, and resource allocation operate effectively, the larger resource base can be utilized more productively and reduce potential inefficiencies arising from conflicts between managers and shareholders. Thus, the positive effect of firm size on ROA may reflect not only economies of scale but also the company's greater capacity to manage and utilize its resources.

The results of this study are in line with the research conducted by (Harsono & Pamungkas, 2024) which states that the size of the company affects financial performance. In the study (Nurmayanti & Shanti, 2023) it was also stated that the size of the company has an effect on financial performance.

The Effect of Firm Growth on Financial Performance

Based on the results of the hypothesis test in Table 4.16, the Firm Growth variable (X3) has a t-statistic of -0.291021, which is lower than the t-table value of 1.984984, with a probability value of 0.7718, which is greater than the 0.05 significance level. Therefore, Firm Growth does not have a significant effect on Financial Performance, so H4 is rejected and H0 is accepted.

The insignificant effect of firm growth indicates that an increase in total assets does not immediately translate into higher profitability. Firm growth measured through Total Asset Growth reflects an increase in the resources controlled by the company, but the addition of assets requires an adjustment period before it can contribute optimally to revenue and operating cash flows. New production facilities, equipment, technology, distribution infrastructure, or other investments may require time to reach optimal utilization. Therefore, the financial benefits of asset expansion may not be fully reflected in the company's ROA during the same observation period.

This finding can be explained by the time-lag effect between investment and financial returns. Asset expansion generally requires substantial initial expenditure, while the resulting revenue and cash flows may only be realized gradually in subsequent periods. During the early stage of expansion, companies may face additional depreciation, maintenance, labor, distribution, and financing costs before the newly acquired assets generate sufficient revenue. Consequently, a company may experience positive asset growth without a corresponding increase in short-term profitability. This mechanism provides a logical explanation for why Firm Growth does not have a significant effect on ROA in this study.

The time-lag effect is particularly relevant for consumer non-cyclical companies because expansion in production capacity, distribution networks, and technology requires considerable investment and operational adjustment. An increase in assets may initially increase the denominator used in calculating ROA, while the additional assets have not yet generated proportional net income. As a result, the immediate effect of asset growth on ROA can be weak or statistically insignificant. The profitability benefits of such investments may become more visible only after the assets reach an adequate level of utilization.

In addition, firm growth may require additional financing, which can increase operating and financial costs. If asset expansion is not accompanied by sufficient increases in sales, productivity, and operating cash flows, the additional resources may not contribute effectively to profitability. Therefore, high asset growth should not be interpreted automatically as evidence of improved financial performance. What is more important is the company's ability to convert newly acquired assets into productive capacity, revenue, and sustainable cash flows.

From the perspective of Agency Theory, rapid growth also increases the complexity of managerial decision-making and resource allocation. Management must ensure that additional assets are used productively and that expansion decisions are aligned with shareholders' interests. Without effective monitoring and control, asset expansion may create inefficiencies and agency costs rather than immediately improving profitability. Thus, the insignificant effect of firm growth in this study suggests that asset expansion alone is insufficient to improve ROA unless accompanied by effective asset utilization, cost control, and appropriate managerial oversight.

The results of this study are in line with the research conducted by (Jessica & Triyani, 2022) which states that firm growth does not affect financial performance. The study (Irfan Bintang Firdausi et al., 2024) also stated that firm growth has no effect on financial performance. Furthermore, the study (Refina & Suharna, 2024) also states that firm growth has no influence on financial performance

CONCLUSION

Based on the research findings and discussion, Capital Structure, Firm Size, and Firm Growth jointly influence the Financial Performance of consumer non-cyclicals companies listed on the Indonesia Stock Exchange during the 2020–2024 period. However, the individual effects differ across variables. Capital Structure does not have a significant effect on Financial Performance, indicating that changes in the company's funding structure do not necessarily translate into improved profitability. In contrast, Firm Size has a significant positive effect, suggesting that larger companies tend to achieve better financial performance through their greater resource availability, operational capacity, and potential economies of scale. Firm Growth, as measured by asset growth, does not have a significant effect on Financial Performance, indicating that asset expansion does not automatically generate higher profitability within the same period.

These findings suggest that companies should prioritize the effective utilization of their resources and the improvement of operational efficiency rather than relying solely on debt financing or asset expansion to enhance financial performance. This study has several limitations, including its relatively limited sample, the requirement for companies to report profits throughout the observation period, and the use of positive asset growth as a sampling criterion. These criteria may limit the representativeness of the sample and the generalizability of the findings to the broader consumer non-cyclicals sector. Future research is therefore encouraged to expand the sample coverage, extend the observation period, and consider alternative growth indicators, such as sales growth, to provide a more comprehensive understanding of the factors influencing corporate financial performance.

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