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# Capital Structure Dynamics Under Industrial Distress: The Impact of Short-Term and Long-Term Debt on Textile Firms Profitability

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A R T I C L E I N F O

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A B S T R A C T

This study aims to examine the effect of Short Term Debt (STDA) and Long Term Debt (LTDA) on the financial performance of textile and garment subsector companies listed on the Indonesia Stock Exchange during the 2023Q1–2025Q3 period. Using panel data regression, the research analyses 18 companies selected through purposive sampling, resulting in 198 observations. Control variables include Tangibility (TG), Sales Growth (SG), dan Firm Size (FS). Financial performance is measured by Return on Assets (ROA) and Net Profit Margin (NPM). The findings indicate that Short Term Debt has a significant negative effect on both ROA and NPM, suggesting elevated liquidity risk due to heavy reliance on short-term financing. Long Term Debt also negatively affects ROA and NPM, implying that excessive long-term leverage without corresponding operational improvement reduces profitability. These results highlight the importance of maintaining a balanced and adaptive capital structure to sustain financial performance in a volatile industry environment.

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## INTRODUCTION

The textile and textile product (TPT) industry is a strategic manufacturing sector that plays a significant role in the global economy. Beyond its cultural dimension within the evolution of the fashion industry, this sector serves as a driving force for international trade and a major source of employment. Data published by Uniform Market (2025) indicates that out of a global workforce of 3.62 billion, approximately 430 million people—or 11.8%—are employed in the textile and fashion sectors. These figures position the industry as one of the world's largest employers, while also reflecting the substantial economic contribution it generates.

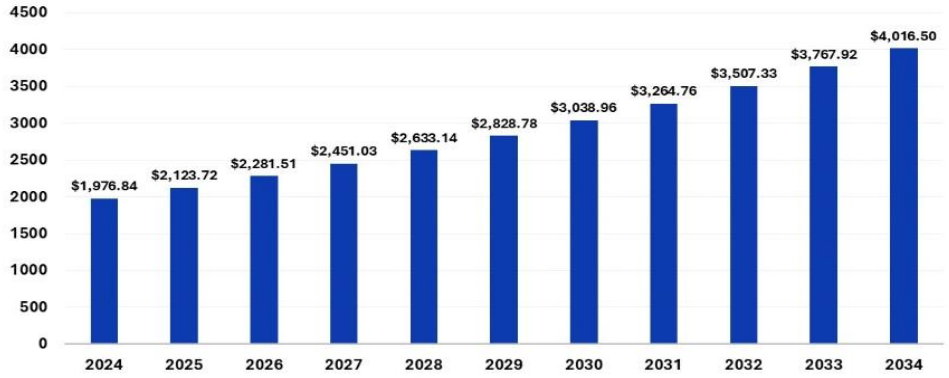



**Figure 1. Global Textile Industry Market Value Growth Forecast**
Source : Tech In Asia (2025)

In terms of market value, the global textile industry shows a trend of steady growth. A report (Tech In Asia, 2025) shown in Figure 1 projects that the global textile market value will rise from USD 2,123 billion in 2025 to USD 3,038 billion in 2030. This growth is driven by rising demand for fashion products, the development of cross-border e-commerce, and the expansion of production capacity in Asia. The Asia-Pacific region serves as a primary growth hub, supported by the availability of raw materials, relatively competitive production costs, and government investments in countries such as India, China, and Bangladesh. Digital transformation within supply chains and distribution networks is further strengthening global market integration (Tech In Asia, 2025a).

In terms of international trade, the United States remains the primary destination for Indonesian textile exports, with export values reaching US$17.4 million in February 2025 (Tech In Asia, 2025a). Reliance on this market presents external risks, particularly regarding tariff policies and global trade dynamics. Conversely, China is the leading supplier of Indonesia's textile imports, with volumes reaching 1.2 million tons in 2024. The high volume of imported raw materials and textile products highlights a domestic industrial structure that remains dependent on external supplies, rendering it vulnerable to exchange rate fluctuations and international trade policies (Tech In Asia, 2025a).

The structure of the textile industry within the Indonesian capital market reflects the diverse characteristics of the companies involved. Data from the Indonesia Stock Exchange, compiled by (Stockbit, 2022) indicates that there are

24 listed companies in the textile and garment sub-sector, 12 of which are actively engaged in exporting and importing. Their involvement in international trade exposes these companies to global risks, including fluctuations in raw material prices, tariffs, and demand volatility (Stockbit, 2022).

Industry pressures are further evidenced by high production costs—dominated by raw materials, which account for 80–85% of total costs in the textile sector (Tech In Asia, 2025a). Reliance on imported raw materials amplifies risk during periods of rising global prices. Additionally, a surge in used clothing imports in 2024 intensified domestic market competition. Data from Statistics Indonesia (BPS) shows a sharp spike in the volume of used clothing imports followed by a decline in 2025, reflecting regulatory dynamics and shifting consumer preferences toward "thrift fashion" products (Badan Pusat Statistik, 2025).

The impact of these structural pressures is evident in the performance of several major listed companies. PT Sri Rejeki Isman Tbk (Sritex) officially ceased operations in March 2025 after defaulting on debt and being declared bankrupt (Ekonomi Bisnis, 2025). This closure affected thousands of workers and highlighted the fragility of a corporate financial structure heavily reliant on debt financing amidst declining demand. Similar challenges were faced by PT Asia Pacific Fibers Tbk and PT Sejahtera Bintang Abadi Textile Tbk, both of which encountered financial distress severe enough to halt operations.

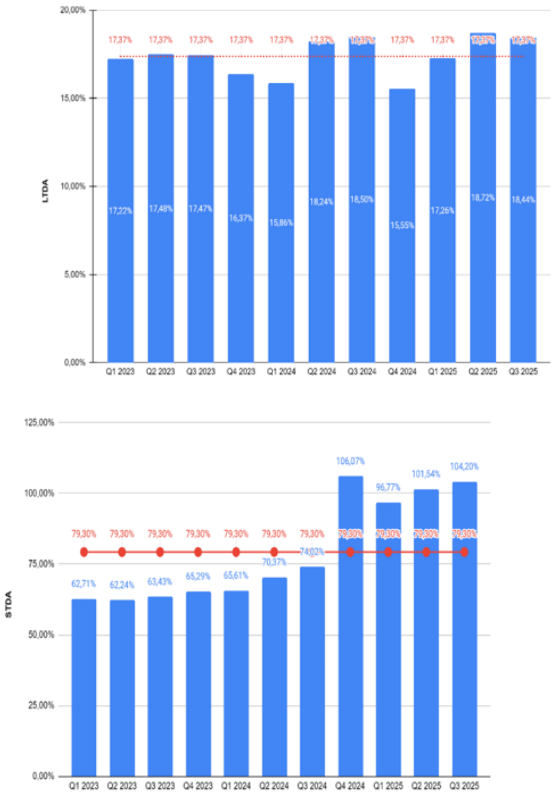



**Figure 2 Average Short-Term and Long-Term Debt Textile and Garment**
Source: data is processed

This phenomenon underscores the importance of optimal capital structure management. Trade-off theory posits that companies must balance the tax benefits of debt financing against the risk of bankruptcy. In practice, Indonesian textile companies employ a mix of short-term and long-term debt. The Short-Term Debt (STDA) ratio shown in Figure 2 indicates a significant increase throughout the 2023–2025 period, even exceeding 100% by the end of 2024. This situation points to a high reliance on short-term debt and heightened liquidity risk. Conversely, the Long-Term Debt (LTDA) ratio in Figure 2 remains relatively stable within the 15–18% range, reflecting a more controlled long-term financing policy.

In addition to debt structure, internal characteristics such as asset tangibility, sales growth, and firm size also influence profitability. Substantial tangible assets can enhance access to credit but also entail high fixed costs when utilization declines. Weakening sales growth directly diminishes a company's ability to meet debt obligations, while firm size does not always guarantee financial resilience if leverage is not managed prudently.

Empirical literature presents mixed findings regarding the relationship between debt and profitability. Some studies (e.g., (Gustira et al., 2022); (Jan Habib et al., 2016); (Nazir et al., 2021)) identify a negative impact driven by high interest expenses, whereas others (e.g., (Abuamsha & Shumali, 2022); (Maulana & Safa, 2017); Yunina et al., 2024) indicate a positive effect, as debt can facilitate productive expansion. This inconsistency highlights a research gap, particularly within the context of the Indonesian textile industry, which faces simultaneous external and internal pressures.

This study replicates the model developed by (Nazir et al., 2021) by re-examining the impact of short-term and long-term debt on the financial performance of textile and garment companies listed on the Indonesia Stock Exchange during the period from Q1 2023 to Q3 2025. By controlling for variables such as asset tangibility, sales growth, and firm size, the study aims to provide empirical insight into how financing structures influence profitability amidst a volatile industry landscape.

Overall, the Indonesian textile industry is undergoing a phase of structural adaptation characterized by cost pressures, demand fluctuations, and global competitive challenges. Corporate resilience hinges on the ability to optimally manage capital structures and maintain operational efficiency. Consequently, analyzing the impact of short-term and long-term debt on profitability is crucial for offering strategic recommendations to corporate management, investors, and policymakers regarding the sustainability of the national textile sector.

## THEORETICAL REVIEW

### *Short Term Debt and Long Term Debt*

From the perspective of capital structure theory, the use of both short-term and long-term debt constitutes a strategic decision with direct implications for a company's profitability. The Trade-Off Theory proposed by Myers, 1984 explains that firms must balance the benefits of debt—such as the tax shield—against bankruptcy costs and financial risks associated with increased leverage.

Meanwhile, (Myers, 1984)Pecking Order Theory posits that firms prioritize internal financing, followed by debt, and finally the issuance of new equity, due to information asymmetry and issuance costs. In practice, short-term debt is frequently utilized for working capital needs, whereas long-term debt is employed to finance investments and expansion.

Empirically, numerous prior studies indicate that short-term debt tends to have a negative impact on profitability. Research by Aziz & Abbas, 2019 and Nazir et al., 2021 found that short-term debt (STDA) exerts a significant negative influence on Return on Assets (ROA). Similar findings emerged from analyses regarding Net Profit Margin (NPM); studies by (Aziz & Abbas, 2019), Deborah Wilson-Oshilim & Omonhinmin, 2025, and Nazir et al., 2021 indicate that an increased proportion of short-term debt suppresses net profit due to rising interest expenses and liquidity pressures. Regarding long-term debt, research by (Aziz & Abbas, 2019, (Chandra & Juliawati, 2020), Indra Tjahya & Rosmila, 2023, Jan Habib et al., 2016, and (Nazir et al., 2021) similarly demonstrates that long-term debt (LTDA) has a significant negative effect on ROA. Furthermore, ((Hayati et al., 2022); Hutabarat & Eltrina Debora, 2020; Jan Habib et al., 2016; (Nazir et al., 2021)) also found that Long-Term Debt (LTDA) has a negative impact on NPM. These results indicate that an increase in leverage—whether short-term or long-term—tends to reduce asset efficiency and profit margins if not matched by a commensurate increase in revenue.

Ha1: Short-Term Debt has a negative effect on Return on Assets
Ha2: Short-Term Debt has a negative effect on Net Profit Margin
Ha3: Long-Term Debt has a negative effect on Return on Assets
Ha4: Long-Term Debt has a negative effect on Net Profit Margin

***Tangibility***

Tangibility (TG) represents the proportion of a company's tangible assets—such as land, buildings, machinery, and equipment—relative to its total assets. High levels of tangible assets enhance a company's ability to secure external financing, as these assets can serve as collateral ((İltaş & Demirgüneş, 2020); (Liberti & Sturgess, 2018); Shleifer & Vishny, 1992). In financial literature, tangibility is typically measured by the ratio of net fixed assets to total assets ((Nazir et al., 2021)). Theoretically, high tangibility can boost production capacity and operational stability, thereby potentially driving profits. However, tangible assets are also capital-intensive, entail high depreciation and maintenance costs, and offer relatively low financial flexibility; consequently, if not utilized optimally, they can actually depress profitability (Hanafi & Yusra, 2018; İltaş & Demirgüneş, 2020).

Previous research indicates a tendency for tangibility to negatively affect profitability. Studies (Gunawan et al., 2024; İltaş & Demirgüneş, 2020; Nazir et al., 2021) have found that tangibility has a significant negative impact on Return on Assets (ROA), suggesting that high levels of fixed assets can reduce asset utilization efficiency. Furthermore, regarding Net Profit Margin (NPM), research ((Nazir et al., 2021); (Ramzan et al., 2021); Rashid & Bilal, 2020) also demonstrates a significant negative effect, as an increased proportion of fixed assets tends to

raise fixed costs and compress net profit margins. Based on this theoretical foundation and empirical evidence, the research hypothesis is formulated as follows:
Ha5: Tangibility (TG) has a negative effect on Return on Assets (ROA)
Ha6: Tangibility (TG) has a negative effect on Net Profit Margin (NPM).

***Sales Growth***

Sales growth reflects a company's ability to increase sales volume over time and serves as a key indicator of the success of marketing strategies and market acceptance (Sujoko & Soebiantoro, 2007). Increased sales strengthen a company's position by directly contributing to higher profits and firm value growth (Nurwani & Syafina, 2022). Theoretically, sales growth is directly linked to profitability, as revenue growth accompanied by cost efficiency leads to higher net profit (Akinlo & Asaolu, 2012); Tauseef et al., 2015). Consequently, companies capable of maintaining stable sales growth tend to exhibit superior financial performance.

Empirical research findings support the existence of a positive relationship between sales growth and profitability. Studies ((Aziz & Abbas, 2019; (Nazir et al., 2021; Sunaryo, 2018) have found that sales growth has a positive and significant impact on Return on Assets (ROA). Furthermore, consistent sales growth has been shown to improve Net Profit Margin (NPM), as increased sales volume drives operational efficiency and cost optimization (Aziz & Abbas, 2019; Nazir et al., 2021; (Sunaryo, 2018)). Based on this theoretical framework and empirical evidence, the research hypothesis is formulated as follows:
Ha7: Sales Growth has a positive effect on Return on Assets
Ha8: Sales Growth has a positive effect on Net Profit Margin.

***Firm Size***

Firm size refers to the magnitude of a company, which can be measured by total assets, total sales, or market capitalization (Elly et al., 2023). It reflects the resource capacity and operational scale possessed by a business entity (Gunawan et al., 2024) . Large firms generally enjoy broader access to financing, stronger bargaining power, and the ability to leverage economies of scale, thereby enabling them to reduce production costs and enhance operational efficiency (Indra Tjahya & Rosmila, 2023) . In the manufacturing sector, a larger operational scale is often associated with financial stability and resilience against external pressures, which ultimately has the potential to boost profitability.

Empirical studies ((Jan Habib et al., 2016); Lim & Rokhim, 2020; Nazir et al., 2021) have found that firm size has a positive and significant impact on Return on Assets (ROA), as large firms are more efficient in utilizing their assets to generate profit. Similar findings indicate that firm size positively influences Net Profit Margin (NPM), with large-scale firms demonstrating the ability to control production costs and maintain stable profit margins (Jan Habib et al., 2016; Lim & Rokhim, 2020; Nazir et al., 2021). Based on this theoretical foundation and empirical evidence, the research hypothesis is formulated as follows:
Ha9: Firm size has a positive effect on Return on Assets

Ha10: Firm size has a positive effect on Net Profit Margin.

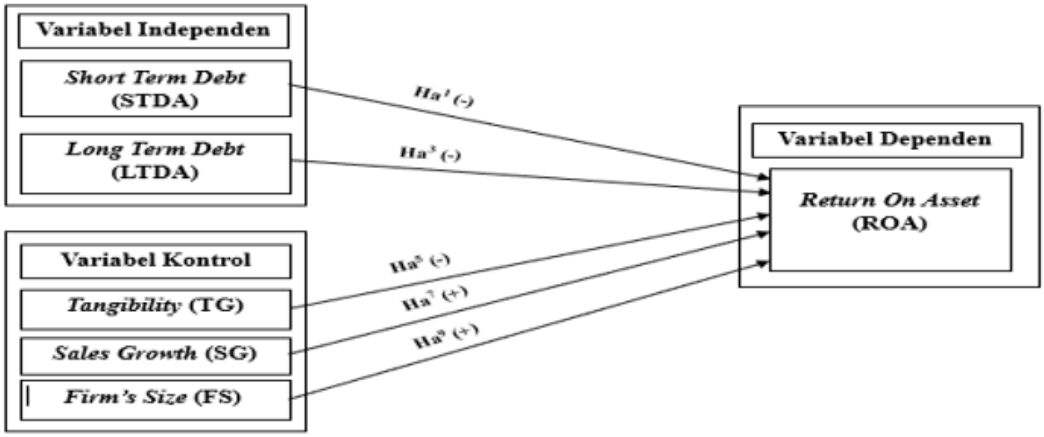



**Figure 3. Research Paradigm of The influence of Short Term Debt, Long Term Debt, Tangibility, Sales Growth, and Firm's Size on Return on Asset**

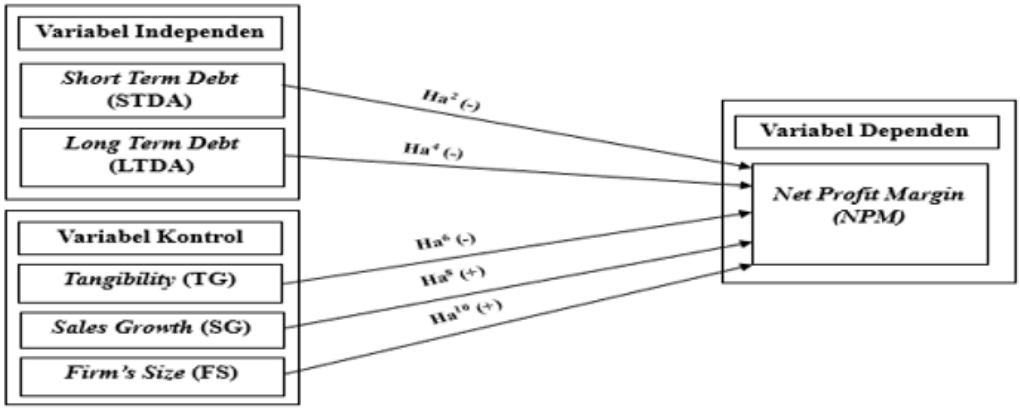



**Figure 4. Research Paradigm of The influence of Short Term Debt, Long Term Debt, Tangibility, Sales Growth, and Firm's Size on Net Profit Margin**

## METHODOLOGY

This study employs a quantitative approach with a hypothesis-testing design to examine the impact of Short-Term Debt (STDA), Long-Term Debt (LTDA), Tangibility (TG), Sales Growth (SG), and Firm Size (FS) on financial performance, as measured by Return on Assets (ROA) and Net Profit Margin (NPM). The subjects of the study are textile and garment sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period from the first quarter of 2023 (2023 Q1) to the third quarter of 2025 (2025 Q3).

The study utilizes secondary data obtained from corporate financial reports published on the official IDX website (www.idx.co.id) and the respective companies' official websites. The data encompasses information regarding capital structure, sales growth, firm size, and profitability indicators. A panel data analysis method—combining time-series and cross-sectional data—is applied to enable a comprehensive analysis of the dynamics of corporate performance throughout the observation period.

The study population consists of 24 textile and garment sub-sector companies listed on the IDX. Purposive sampling was used to select companies based on criteria requiring consistent listing and the publication of complete, relevant financial reports during the 2023 Q1–2025 Q3 period. Based on these criteria, 18 companies met the requirements; with 11 observation periods, the total number of observations amounts to 198 panel data points.

There are two regression models, namely:

$$ROA_{it} = \beta_0 - \beta_1 STDA_{it} - \beta_2 LTDA_{it} - \beta_3 TG_{it} + \beta_4 SG_{it} + \beta_5 Log(FS)_{it} + \varepsilon_{it} \text{.....(1)}$$

$$NPM_{it} = \alpha_0 - \alpha_1 STDA_{it} - \alpha_2 LTDA_{it} - \alpha_3 TG_{it} + \alpha_4 SG_{it} + \alpha_5 Log(FS)_{it} + \varepsilon_{it} \text{.....(2)}$$

## RESULTS AND DISCUSSION

Table 1. Statistic Descriptive

| | ROA | NPM | STDA | LTDA | TG | SG | FS |
|---|---|---|---|---|---|---|---|
| Mean | -0.0138 | 0.0457 | 0.7360 | 0.1762 | 0.3845 | -0.0137 | 1,468,7 |
| Median | 0.0052 | 0.0188 | 0.3354 | 0.1293 | 0.3467 | -0.0058 | 530,9 |
| Maximum | 0.3646 | 2.2584 | 10.675 | 0.6393 | 0.8329 | 2.8434 | 13,839,4 |
| Minimum | -1.7652 | -1.8061 | 0.0009 | 0.0003 | 0.0001 | -0.8087 | 1,159 |
| Std. Dev | 0.1782 | 0.3777 | 1.6608 | 0.1744 | 0.2268 | 0.3296 | 2,401,0 |
| Obs | 198 | 198 | 198 | 198 | 198 | 198 | 198 |

Source: The data were processed by the author using EViews 12.

Based on Table 1, which comprises 198 observations, the ROA variable has a mean value of -0.0138, indicating that, in general, the companies experienced profitability pressures during the observation period. The minimum value, being significantly lower than the maximum, points to disparities in performance among the companies. A similar pattern is observed with NPM, which exhibits a relatively large standard deviation compared to its mean, reflecting volatility in net profit. Regarding the capital structure variable, STDA shows a mean of 0.7360 with a high standard deviation, signaling significant differences in short-term debt usage across companies. Meanwhile, LTDA shows a mean of 0.1763—relatively lower than that of STDA—indicating that asset financing relies more heavily on short-term liabilities.

The control variables exhibit diverse characteristics. Tangibility has a mean of 0.3845, indicating that approximately 38% of the companies' assets consist of fixed assets, whereas sales growth shows a negative mean (−0.0137), signaling an aggregate trend of sales contraction. Firm size, proxied by total sales, displays a wide range between minimum and maximum values, reflecting the heterogeneity of firm sizes within the research sample. In academic writing, such interpretations typically conclude by noting that the high data variation—evidenced by the standard deviation and the broad value range—provides an initial justification for further examination via regression analysis to empirically and more deeply investigate the relationships between the variables.

Table 2. Hypothesis Test Results for Regression Model 1

| **Variable** | ***Return On Asset (ROA)*** | |
|---|---|---|
| | **Coefficient** | **Prob** |
| C | 0.2649 | 0.0000** |
| STDA | -0.1769 | 0.0010** |
| LTDA | -0.3102 | 0.0000** |
| TG | -0.0706 | 0.0673*** |
| SG | 0.2659 | 0.0000** |
| FS | 0.152674 | 0.0014** |
| R-Squared | 0.408927 | |
| Adjusted R-Squared | 0.393534 | |
| Prob (F- Statistic) | 0.000000 | |
| Note | ** = Significant level 0,05<br>*** = Significant level 0,10 | |

Source: The data were processed by the author using EViews 12.

The regression model employed in this study is the Common Effect Model (CEM), as indicated by the Lagrange Multiplier (LM) test results. Table 2 shows that Short-Term Debt (STDA) has a significant negative effect on Return on Assets (ROA). The STDA coefficient is -0.176993, with a probability value of 0.0010—which is less than 0.05—indicating that higher short-term debt levels are associated with lower corporate return on assets. This supports the hypothesis that STDA negatively affects ROA, aligning with findings by Aziz & Abbas (2019) and Nazir et al. (2021), which also demonstrate a negative relationship between short-term debt and corporate profitability. Similarly, Long-Term Debt (LTDA) exhibits a significant negative relationship with ROA, with a coefficient of -0.310268 and a probability value of 0.0000. This supports the hypothesis that LTDA negatively affects ROA, consistent with research by (Aziz & Abbas, 2019) and (Chandra & Juliawati, 2020).

Meanwhile, Tangibility (TG) shows a negative influence on ROA, although this is not significant at the 5% level (probability value of 0.0673, which falls within the 0.10 threshold). This indicates that while a high proportion of fixed assets may reduce asset utilization efficiency, its impact on ROA has not been proven significant at a strict significance level. Research by (Gunawan et al., 2024) and (Nazir et al., 2021) also found a negative effect of tangibility on profitability, although the impact tends to vary depending on the industry context.

Sales Growth (SG) has a positive and significant influence on ROA, with a coefficient of 0.265944 and a probability value of 0.0000. This result supports the hypothesis that Sales Growth positively affects ROA, implying that consistent sales growth can enhance a company's operational efficiency and profitability. These findings align with research by (Aziz & Abbas, 2019) and (Sunaryo, 2018), which indicates that sales growth contributes positively to corporate profitability.

Meanwhile, Firm Size (FS) demonstrates a significant positive influence on ROA, with a coefficient of 0.152674 and a probability value of 0.0014, indicating that larger firms tend to exhibit better financial performance. This aligns with findings by (Lim & Rokhim, 2020) and (Nazir et al., 2021), which state that large firms are more efficient in utilizing their assets to generate profit.

This model has an Adjusted R-Squared of 0.393534, indicating that approximately 39.35% of the variation in ROA can be explained by the variables used in the model. The significant F-statistic result (Prob = 0.000000) also indicates that the regression model is significant overall.

Table 3. Hypothesis Test Results for Regression Model 1

| **Variabel** | ***Net Profit Margin (NPM)*** | |
|---|---|---|
| | **Coefficient** | **Prob** |
| C | 0.268983 | 0.0000** |
| STDA | -0.177392 | 0.0010** |
| LTDA | -0.315417 | 0.0000** |
| TG | -0.084113 | 0.1181 |
| SG | 0.275811 | 0.0000** |
| FS | 0.114658 | 0.0196** |
| R-Squared | 0.403955 | |
| Adjusted R-Squared | 0.388433 | |
| Prob (F- Statistic) | 0.000000 | |
| Note | ** = Significant Level 0,05 | |

Source: The data were processed by the author using EViews 12.

The regression model used to examine the impact on Net Profit Margin (NPM) indicates that Short-Term Debt (STDA) has a significant negative effect on NPM. The STDA coefficient is -0.177392, with a probability value of 0.0010—which is less than 0.05—indicating that an increase in short-term debt reduces the company's net profit margin. These results support the hypothesis that STDA negatively affects NPM, aligning with previous findings by (Aziz & Abbas, 2019) and (Nazir et al., 2021), which also demonstrate that short-term debt exerts downward pressure on a company's net profit.

Similarly, Long-Term Debt (LTDA) also shows a significant negative relationship with NPM, with a coefficient of -0.315417 and a probability value of 0.0000. This supports the hypothesis that LTDA has a negative effect on NPM—indicating that long-term debt can reduce a company's net profit margin—consistent with the findings of (Aziz & Abbas, 2019) and (Chandra & Juliawati, 2020).

Tangibility (TG) shows a negative effect on NPM, but this is not significant at the 5% level (probability value of 0.1181, which is greater than 0.05). This indicates that although an increase in the proportion of fixed assets can affect corporate efficiency, its impact on NPM has not been proven significant at a strict significance level. Previous studies (Gunawan et al., 2024) and (Nazir et al., 2021) also found a negative effect of tangibility on profitability, although the impact tends to vary depending on specific industry conditions.

Sales Growth (SG) has a significant positive influence on NPM, with a coefficient of 0.275811 and a probability value of 0.0000. This result supports the

hypothesis that Sales Growth positively affects NPM—meaning that consistent sales growth increases a company's net profit margin—consistent with the findings of (Aziz & Abbas, 2019) and (Sunaryo, 2018).

Firm Size (FS) shows a significant positive influence on NPM, with a coefficient of 0.114658 and a probability value of 0.0196, indicating that larger firms tend to have more stable profit margins. These findings support the results of studies by (Lim & Rokhim, 2020) and (Nazir et al., 2021), which demonstrate that large firms possess superior operational efficiency.

This study employs the Common Effect Model (CEM), selected based on the Lagrange Multiplier (LM) test results, which indicated that the CEM was more suitable than the alternatives. This implies that the model disregards individual effects and places greater emphasis on the overall influence of the factors involved. An Adjusted R-squared value of 0.388433 indicates that approximately 38.84% of the variation in NPM can be explained by the variables included in the model. Furthermore, the significant F-statistic result (Prob = 0.000000) demonstrates that the regression model is significant overall.

The findings of this study offer several implications for corporate managers, investors, and regulators. For corporate managers, it is crucial to exercise caution regarding the use of long-term debt due to its significant negative impact on financial performance. Managers should focus on enhancing operational efficiency and sales growth to improve profitability, while also considering debt restructuring if debt ratios exceed safe limits. For investors, the results suggest paying close attention to a company's debt structure—as well as factors such as Sales Growth (SG) and Firm Size (FS)—when assessing potential returns and risks. For regulators, there is a need to promote credit restructuring programs that better support the textile and garment sectors, alongside incentives for companies that reinvest in technological modernization to reduce reliance on high-interest debt.

## CONCLUSIONS AND RECOMMENDATIONS

This study aims to analyze the impact of debt structure on the financial performance of textile and garment sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period from the first quarter of 2023 to the third quarter of 2025. The analysis concludes that Short-Term Debt (STDA) and Long-Term Debt (LTDA) have a significant negative effect on Return on Assets (ROA) and Net Profit Margin (NPM). Higher reliance on short- and long-term debt exerts greater pressure on earnings and asset efficiency, driven by rising interest expenses and ongoing repayment obligations. Meanwhile, Tangibility (TG) has a significant negative effect on ROA but an insignificant effect on NPM; this indicates that even with substantial fixed assets, inefficient management can diminish profitability. Conversely, Sales Growth (SG) and Firm Size (FS) have a significant positive effect on both financial performance indicators, demonstrating that stable sales growth and large firm size can drive operational efficiency and enhance profitability.

## FURTHER STUDY

This study has certain limitations, including an observation period restricted to the first quarter of 2023 through the third quarter of 2025, and a scope limited to textile and garment sub-sector companies listed on the Indonesia Stock Exchange (IDX). Consequently, the findings may not be fully representative of other sectors or companies listed on stock exchanges in other countries. Furthermore, external variables—such as export-import policies and macroeconomic conditions—were not analyzed in this study. Future research should incorporate these external variables and extend the observation period to provide a more comprehensive overview. Additionally, including other relevant variables, such as the impact of exchange rate fluctuations or geopolitical factors, would enrich the analysis of how external factors affect corporate financial performance.

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