

The Influence of Liquidity and Activity on the Profitability of Industrial Sector Companies Listed on the IDX

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ARTICLE INFO

Article History:

Submitted July 18, 2026

Revised September 13, 2026

Accepted Online October 21, 2026

Keywords:

Liquidity Ratio, Activity, Profitability,
Financial Ratios

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and Business, PGRI University of
Palembang

ABSTRACT

The objective is to determine whether liquidity and activity partially or simultaneously affect profitability in industrial sector companies listed on the IDX. The problem in this research regarding the relationship between liquidity, activity, and profitability can be seen in several industrial sector companies listed on the Indonesia Stock Exchange, showing fluctuations in the company's liquidity, activity, and profitability ratios. Some companies have high liquidity but relatively low profitability, which indicates that the company's ability to meet short-term obligations is not always followed by the ability to generate profits and there are companies with high levels of asset activity that produce high profitability, as well as unstable asset use efficiency. The research method uses descriptive statistics with the SPSS program.

The results of the research findings, namely the results of partial testing or t-test of liquidity on profitability, state that liquidity does not have a significant effect on profitability. The results of partial testing or t-test of activity on profitability state that activity has a significant effect on profitability. The results of simultaneous testing (F) or together (ANOVA) state that liquidity and activity have a simultaneous effect on profitability in industrial sector companies listed on the IDX.

A. INTRODUCTION

Profitability is the relationship between revenue and costs resulting from the use of a company's assets in productive activities (Lawrence J. Gitman and Chad J. Zutter, 2021). Profitability ratios are used to measure a company's ability to generate profits from its business activities. Hery (2022) explains a company's ability to generate profits from operational activities carried out within a certain period. Furthermore, Kasmir (2021) states that the liquidity ratio is a ratio that describes a company's ability to meet its short-term obligations that are due soon. One indicator often used to measure liquidity is the Current Ratio (CR), which is the comparison between a company's current assets and current liabilities. Brigham and Houston (2018), activity ratios are used to measure a company's effectiveness in using its assets to generate revenue. The higher the TATO value, the more efficient the company is in utilizing its assets to generate sales and profits. Several studies by Sriyana, N., & Sosrowidigdo, S. (2025) show different results, where the liquidity ratio does not always have a significant effect on company profitability, while Suryana et al. (2024) shows that liquidity has a positive and significant influence on company profitability. Problems that can be used as a basis for research include: 1) Some companies have high liquidity but relatively low profitability, which indicates that the company's ability to meet short-term obligations is not always followed by the ability to generate profits during the 2021–2024 period. 2) Low liquidity in some companies, as seen from the Current Ratio below 1, which indicates potential difficulties in meeting short-term obligations. 3) There are companies with high levels of asset activity that generate high profitability, indicating that efficient use of assets can improve financial performance. 4) Unstable asset use efficiency, indicated by fluctuations in the Total Asset Turnover ratio in



several industrial sector companies. 5) However, there are also companies with low TATO and low ROA, which indicates that low efficiency in use of assets can suppress the level of profitability (attached data 1: the phenomenon of Liquidity, Activity, and Profitability of Industrial Sector Companies (2021–2024)).

B. THEORETICAL STUDY

Liquidity ratios are measures of a company's ability to meet short-term obligations (less than one year) in a timely manner (Hery, 2022). Kasmir (2021) states that liquidity is measured by comparing current assets to short-term liabilities. The earliest and most common indicator is the Current Ratio (CR), which measures the availability of working capital to cover liabilities regardless of how quickly those assets are converted into cash. Kasmir (2021) also states the formula for the current ratio as follows:

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The activity ratio is a financial ratio used to assess how well a company utilizes all its resources (assets) to generate sales or revenue. Sujarweni (2021) states that the activity ratio is a ratio that aims to measure a company's effectiveness. The main indicator that describes the utilization of all company assets in generating revenue is Total Asset Turnover (TATO). Hery (2022) defines TATO as a ratio that indicates a company's ability to generate sales based on total invested assets. He emphasizes that the higher this ratio, the more effective the company is in managing its assets to generate revenue, as follows:

$$\text{TATO} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

Profitability is a company's ability to generate profits within a certain period by utilizing existing resources, whether from sales, asset utilization, or equity. According to Prastowo (2022), profitability is a company's ability to generate profits in the future and is an important indicator of a company's going concern. This ratio measures the level of return obtained from each business activity undertaken. Fahmi (2020) states that ROA assesses the extent to which investments have been made capable of providing returns as expected, equivalent to all invested company assets, as follows:

$$\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

According to Sugiyono (2023), a conceptual framework is a synthesis of the relationships between variables, compiled from various previously described theories. The conceptual framework can be illustrated below:

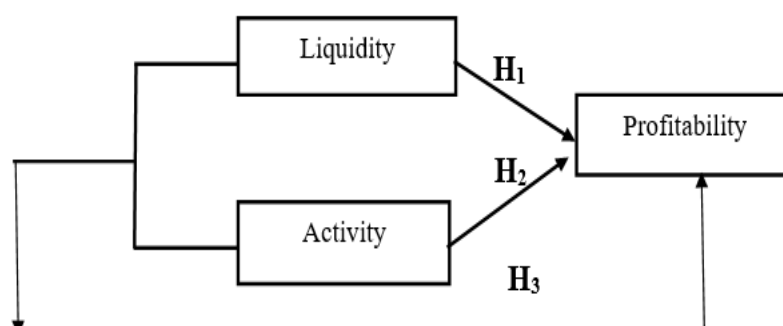


Figure Thinking Framework
(Source: Developed by Researchers, 2026)
Description: Liquidity: X1, Activity: X2, Profitability: Y

C. RESEARCH METHODS

According to Sugiyono (2023), the method used in this research is quantitative, and quantitative methods utilize numerical data and statistical analysis. The subjects of this study were companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024.

The operational definition of a variable is an attribute, characteristic, or value of an object or activity that exhibits specific variations determined by the researcher to be studied and then conclusions drawn. The definition of variables in this study is presented in the following table:

Operational Definitions of Variables

No.	Name Variables	Definitions of Variables	Indicator	Measurement scale
1.	Liquidity (X1)	Kasmir (2021) stated that liquidity measurement is carried out by comparing current assets to short-term liabilities.	Current ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}}$ Kasmir (2021)	The ratio is transformed to Ln (natural logistic) data using the SPSS program.
2.	Activity (X2)	Hery (2022) states that TATO is a ratio that shows a company's ability to generate sales based on total invested assets.	$\text{TATO} = \frac{\text{Net Sales}}{\text{Total Assets}}$ Hery (2023)	The ratio is transformed to Ln (natural logistic) data using the SPSS program.
3.	Profitability (Y)	Hery (2022); Fahmi (2020) explain the company's ability to generate profits from operational activities carried out in a certain period.	ROA $= \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$ Hery (2022); Fahmi (2020)	The ratio is transformed to Ln (natural logistic) data using the SPSS program.

According to Martono and Isnania (2023), a population is all objects or subjects within a given area and meeting certain requirements related to the research problem. The population in this study was all 65 industrial companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

According to Martono and Isnania (2023), a sample is a subset of a population that possesses specific characteristics or circumstances to be studied. In other words, it is the process of obtaining information about the entire population by examining only a portion of it. The sampling technique used in this study was purposive sampling. Hartono and Isnania (2023) state that saturated sampling can also be defined as a method used to determine the research sample by taking the entire population based on certain characteristics or traits. The criteria applied to this research sampling are as follows:

Criteria Sample

No.	Criteria	Research Period Year (2021-2024) = 4 Years	Number of Samples
1.	Industrial sector companies consistently listed on the IDX during the 2021-2024 period.	(65 x 4)	(260)
2.	Companies that have consistently reported financial results to the IDX during the 2021-2024 period.	(35 x 4)	(140)
3.	Industrial sector companies listed on the IDX development board during the 2021-2024 period	(30 x 4)	(120)
Number of Samples		65	260



According to Hair Jr, J. F., et al (2021), data transformation is a technique for modifying data values using mathematical functions (such as logarithms, roots, or inverses) to make the data distribution more normal and the analysis more valid. This is presented in Table 3 as follows:

Table Ratio Data Transformation to Natural Logarithm (LN)

No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)	No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)	No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)
1	5.29	4.19	7.02	45	5.41	4.28	6.65	89	5.42	4.52	7.28
2	5.32	4.26	6.90	46	5.40	4.11	6.97	90	5.43	4.62	7.25
3	5.36	4.30	7.03	47	5.49	4.26	6.80	91	5.43	4.53	7.32
4	5.26	4.22	6.95	48	5.50	4.20	6.93	92	5.44	4.47	7.30
5	5.34	4.42	6.74	49	5.00	4.06	6.48	93	4.99	4.11	6.40
6	5.28	4.41	6.78	50	5.10	4.30	2.20	94	4.80	4.20	6.58
7	5.40	4.30	6.80	51	4.99	4.11	6.48	95	4.88	3.99	4.33
8	5.42	4.30	4.08	52	4.97	4.32	6.51	96	4.89	4.19	6.58
9	4.82	4.34	6.50	53	5.23	4.67	7.35	97	5.42	4.30	1.95
10	4.88	4.16	6.27	54	5.18	4.57	7.15	98	3.14	4.29	4.43
11	4.78	4.16	6.18	55	5.06	4.51	4.97	99	5.46	4.32	6.89
12	4.93	4.16	1.79	56	5.06	4.65	7.37	100	5.39	2.08	6.54
13	5.31	4.69	6.17	57	5.17	4.45	6.58	101	4.85	4.56	6.56
14	5.34	4.58	5.87	58	5.26	4.53	6.68	102	4.83	4.41	6.43
15	5.29	4.65	5.77	59	5.12	2.20	6.87	103	4.82	4.45	6.59
16	5.20	4.63	6.28	60	5.18	4.36	6.55	104	2.48	4.51	6.74
17	5.50	4.64	6.23	61	5.39	1.95	4.20	105	5.45	4.14	6.15
18	5.46	4.43	5.97	62	5.38	4.19	6.65	106	5.47	4.28	6.02
19	5.43	4.44	5.58	63	5.42	4.22	6.72	107	3.18	4.17	3.85
20	5.49	4.58	5.63	64	5.38	3.99	6.26	108	5.53	1.95	3.76
21	4.69	4.16	6.86	65	5.12	4.26	6.89	109	4.55	4.66	6.69
22	4.62	4.14	6.88	66	5.16	4.37	6.96	110	2.48	4.55	6.78
23	4.80	4.11	6.94	67	5.02	4.20	7.06	111	4.58	.00	4.20
24	2.56	4.11	7.06	68	2.77	4.34	7.03	112	4.76	4.58	4.47
25	4.72	4.22	7.03	69	5.46	4.36	6.04	113	4.84	2.08	5.82
26	4.92	4.13	6.89	70	5.36	4.08	3.76	114	4.84	4.26	5.93
27	4.74	4.14	6.86	71	5.32	4.16	6.08	115	5.04	2.08	6.18
28	2.40	4.26	6.94	72	3.14	4.17	6.40	116	4.93	4.36	5.75
29	3.18	4.28	7.06	73	5.12	4.19	4.81	117	5.37	4.29	6.70
30	5.40	4.29	4.64	74	5.02	4.26	7.01	118	5.49	4.37	6.75
31	5.47	4.43	6.97	75	5.11	4.26	7.20	119	5.34	4.14	2.20
32	5.41	4.39	4.42	76	4.88	4.28	7.22	120	5.46	4.41	7.04
33	5.12	4.42	6.37	77	5.36	4.58	6.61	121	5.37	4.62	7.32
34	5.11	2.08	6.27	78	3.04	4.68	6.39	122	5.37	4.52	5.02
35	5.15	4.16	6.07	79	5.48	4.65	6.18	123	5.51	4.63	7.28
36	5.28	4.42	6.14	80	5.35	4.65	6.58	124	5.40	4.56	7.06
37	5.43	4.26	7.09	81	5.49	4.33	6.83	125	5.25	4.55	6.22
38	5.38	4.28	7.05	82	5.41	4.20	6.38	126	.69	2.20	6.36
39	5.42	4.19	6.95	83	5.34	4.33	6.51	127	5.23	4.55	6.50
40	5.41	4.29	6.98	84	5.49	4.34	6.66	128	5.20	4.62	6.13
41	.00	2.20	5.87	85	5.36	4.45	6.68	129	5.09	4.51	7.14
42	4.67	4.62	5.79	86	5.39	4.29	6.55	130	5.16	4.29	7.06
43	4.84	4.54	6.35	87	5.36	4.30	6.66	131	5.00	4.43	7.15
44	4.78	4.60	6.19	88	5.34	4.39	6.80	132	2.71	2.20	7.13

No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)	No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)	No	Ln_X1 (CR)	Ln_X2 (TATO)	Ln_Y (ROA)
133	5.50	4.45	7.20	177	5.41	4.42	6.12	221	5.11	1.95	7.23
134	5.56	2.08	7.23	178	5.33	4.52	6.17	222	5.06	4.36	7.35
135	5.46	4.47	7.28	179	5.40	4.41	3.99	223	5.12	4.20	7.29
136	5.42	2.08	7.26	180	3.09	4.48	5.56	224	5.21	4.39	7.38
137	4.82	4.17	5.99	181	5.40	4.39	7.01	225	5.03	4.44	7.09
138	4.95	4.13	4.98	182	5.27	4.43	7.03	226	4.96	4.37	7.04
139	4.82	4.22	5.65	183	5.36	4.41	7.04	227	4.99	4.26	6.86
140	2.71	4.08	5.75	184	.69	4.33	6.96	228	5.04	4.28	7.01
141	4.81	4.11	6.57	185	4.56	4.26	5.98	229	4.80	4.57	6.84
142	5.00	4.03	4.42	186	4.62	4.26	5.88	230	4.80	4.53	7.08
143	4.98	4.04	6.16	187	4.77	4.32	1.61	231	2.56	4.60	7.17
144	4.77	4.22	6.40	188	4.53	2.08	6.17	232	4.73	4.49	7.10
145	5.51	1.95	5.91	189	5.02	4.58	6.59	233	5.08	2.08	6.52
146	5.51	4.43	5.53	190	5.06	4.52	6.52	234	5.10	4.45	6.53
147	5.51	4.19	5.95	191	5.05	4.52	6.39	235	5.23	4.44	6.63
148	5.42	4.29	5.64	192	4.93	.00	6.72	236	5.04	4.42	6.40
149	5.26	4.42	3.95	193	5.33	4.32	4.42	237	2.56	4.62	7.03
150	5.26	4.32	5.55	194	5.34	4.47	6.87	238	4.91	4.48	6.87
151	5.26	4.34	5.48	195	5.38	4.39	6.94	239	4.83	4.52	6.89
152	5.23	4.33	6.03	196	5.27	4.51	4.57	240	4.82	4.49	7.05
153	5.43	4.37	6.65	197	5.06	4.55	7.12	241	4.88	4.41	6.89
154	5.38	4.26	6.98	198	5.07	4.64	6.92	242	5.09	4.41	6.91
155	5.38	4.28	6.78	199	2.89	4.65	7.10	243	4.88	4.51	6.82
156	5.31	2.08	6.77	200	5.10	4.58	6.96	244	4.83	4.58	6.96
157	4.82	4.32	6.54	201	5.24	4.34	6.54	245	5.02	4.17	6.47
158	2.64	4.04	6.78	202	5.20	2.20	6.22	246	2.83	4.17	5.86
159	4.89	4.30	6.66	203	5.10	4.36	5.92	247	2.71	4.11	3.93
160	4.76	4.11	6.33	204	5.24	4.36	6.56	248	5.09	4.20	5.71
161	5.58	4.16	6.61	205	5.10	4.28	6.23	249	4.78	4.28	6.98
162	5.50	1.95	4.04	206	5.17	4.28	5.88	250	4.89	4.34	6.92
163	5.48	4.14	6.30	207	5.00	1.95	5.29	251	4.85	4.13	6.73
164	5.56	4.13	6.40	208	5.13	4.43	5.62	252	4.96	1.95	4.45
165	5.32	4.58	7.28	209	3.09	4.32	6.75	253	4.62	4.26	4.56
166	3.14	4.55	7.15	210	5.41	4.23	6.20	254	4.80	4.34	6.95
167	5.37	4.47	2.77	211	5.37	4.29	6.18	255	4.91	4.29	6.62
168	5.42	4.56	7.27	212	5.43	2.08	4.22	256	4.71	4.26	6.87
169	5.45	4.32	6.22	213	3.22	2.08	6.85	257	5.00	4.42	7.24
170	5.38	4.42	5.70	214	5.40	4.33	6.91	258	4.96	4.41	7.38
171	5.42	4.37	5.87	215	5.47	4.19	4.57	259	5.04	4.42	7.37
172	5.46	4.36	6.14	216	5.48	4.17	6.70	260	2.48	4.47	7.30
173	4.84	4.64	6.51	217	5.28	4.57	6.92				
174	4.80	4.66	6.39	218	5.42	2.20	7.16				
175	4.75	4.62	4.03	219	5.41	4.42	4.63				
176	2.48	4.60	6.75	220	3.14	4.45	6.91				

Source: Secondary Data Processed with SPSS, 2026

Based on the data in Table 3, the transformation of ratio data to natural logarithms (Ln) revealed several extreme data points that did not meet the requirements for data normality testing. The initial research sample size was 260; 57 extreme data points had to be removed. Therefore, the sample size for this study was 203, which will be further tested.

According to Ghozali (2021), the data analysis technique in this study used SPSS for Windows. This study required testing of classical assumptions, namely data normality, multicollinearity, heteroscedasticity, and autocorrelation. Further testing consisted of testing the regression equation, correlation coefficient, and coefficient of determination. Then, simple



linear regression and multiple linear regression hypotheses were tested to determine the effect of liquidity and activity variables on profitability.

D. RESULTS AND DISCUSSION

The test results above indicate that the data used is 203 observations. The LN_CR_X1 variable has an average value of 4.8357 and a standard deviation of 0.93297. Table 4.2 above shows that the data used is 203 observations. The liquidity variable has an average value of 4.8357 and a standard deviation of 0.93297, indicating that the liquidity data has a fairly large spread from its average value, thus indicating relatively high data variation between companies.

When the standard deviation is compared with the absolute value of the average, it indicates that the current ratio data has a fairly large spread from its average value, thus indicating relatively high data variation between companies. Furthermore, the tax planning variable has an average value of 4.2144 and a standard deviation of 0.58008. When the standard deviation is compared to its absolute mean value, it shows that the profitability variable has the highest data spread compared to other variables. Meanwhile, the profitability variable has an average value of 6.5509, and a standard deviation of 0.45107. When the standard deviation is compared to its absolute mean value, it shows that the profitability variable has the highest data spread compared to other variables.

Based on the results of the data normality test using the skewness and kurtosis methods. Shows the significance value of skewness = -0.006, while the significance value of Kurtosis = -0.38, then the results of calculating the skewness requirement test value with the range $-2 < -0.006 < +2$, while the results of calculating the kurtosis value with the requirement test $-2 < -0.38, < +2$ can be stated that the variable LN_CR_X1 is declared normal and can be included in further testing. Furthermore, the significance value of skewness = -0.004, whereas The significance value of kurtosis = -0.046, then the results of calculating the skewness requirement test value with a range of $-2 < -0.004 < +2$, while the results of calculating the kurtosis value with the requirement test $-2 < -0.046, < +2$ can be stated that the variable LN_TATO_X2 is declared normal and can be included in further testing. Meanwhile, the significance value of skewness = 0.003, while the significance value of kurtosis = -0.400, then the results of calculating the skewness requirement test value with a range of $-2 < -0.003 < +2$, while the results of calculating the kurtosis value with the requirement test $-2 < -0.400, < +2$ can be stated that the LN_ROA_Y variable is declared normal and can be included in further testing.

Based on the multicollinearity test, the tolerance value for variable LN_CR_X1 is $1.000 > 0.10$, and if the VIF value is $1.000 < 10$, then multicollinearity is declared absent. Furthermore, the tolerance value for variable LN_TATO_X2 is $1.000 > 0.10$, and if the VIF value is $1.000 < 10$, then multicollinearity is declared absent. The multicollinearity test only examines the independent variables to avoid regression between them.

The heteroscedasticity test results show a significant Sig value for variable LN_CR_X1 of 0.773 and a significant Sig value for variable LN_TATO_X2 of 0.852. Based on the above description, both independent variables have Sig values > 0.05 , thus it can be concluded that there are no symptoms of heteroscedasticity.

Furthermore, the test results show $K = 1$, $\alpha = 0.05$ (5%), $N = 203$, and this shows that the regression model has autocorrelation. The Durbin Watson values are partially smaller than DU (1.758), DL (1.779), the LN_CR_X1 variable (0.812), LN_TATO_X2 (0.874), and 4-DU (2.222), 4-DL (2.242), so it can be stated that there are no autocorrelation symptoms. Meanwhile, at $K = 3$, $\alpha = 0.05$ (5%), $N = 203$, and, this shows that the regression model has autocorrelation. The Durbin Watson value is simultaneously smaller than DU (1.738), DL (1.738) of the variables LN_CR_X1, LN_TATO_X2 and LN_ROA_Y, Durbin Watson (0.872), and 4-DU (2.262), 4-DL (2.242), so it can be stated that there is no autocorrelation.

Proof of Simple Regression Analysis

The results of the simple linear regression equation test show a constant value of 6.782, meaning that if liquidity is 0, then profitability is 6.782. The coefficient of -0.048 indicates that every 1% increase in liquidity will increase firm value by -0.048. This coefficient is negative, indicating a negative relationship between liquidity and profitability. Furthermore, the constant value of 5.889 indicates that if activity is 0, profitability is 5.889. The coefficient of 0.157 indicates that every 1% increase in profitability will increase firm value by 0.157. This coefficient is positive, indicating a positive influence of activity on profitability. The multiple regression equation shows that the a (constant) value of 6.132 indicates that the independent variables, liquidity and activity, have a constant value of 0, and the dependent variable is 6.132. The regression coefficient value of the liquidity variable is positive at 0.171, indicating that every 1% increase in liquidity will have an impact on increasing profitability by 0.171. The regression coefficient value of the activity variable is negative at -0.063, indicating that every 1% increase in activity will have an impact on decreasing company value by -0.063.

The partial correlation coefficient test of liquidity on profitability shows an r value of 0.099, ranging from 0.000 to 0.199, indicating a very low relationship between liquidity and profitability. The R -squared value was 0.010, indicating that liquidity has a 1.0-100% effect on profitability, while the remaining 99% is influenced by factors outside this study. Furthermore, the partial correlation coefficient test of activity on profitability showed an R -value of 0.202, ranging from 0.200 to 0.399, indicating a low correlation between activity and profitability. The R -squared value was 0.202, indicating that activity has a 20.2-100% effect on profitability, while the remaining 79.8% is influenced by other variables not examined in this study. Meanwhile, the multiple correlation coefficient test showed a correlation coefficient of 0.239, indicating a low correlation between the levels of the independent variables, liquidity, and activity, and profitability.

The results of the partial determination coefficient test of liquidity on profitability show that the determination coefficient value is 0.005, which is close to 0, is categorized as a weak model, liquidity has a contribution of 0.5 - 100% while the remaining 99.5% is influenced by other variables outside this research model. The partial determination coefficient of activity on profitability states that the determination coefficient value is 0.036, which is close to 0, is categorized as a weak model, activity has a contribution of 3.6 - 100% while the remaining 96.4% is influenced by other variables outside the research model.

Meanwhile, the results of the multiple determination coefficient test showed an Adjusted R Square of 0.048. Thus, liquidity and activity as independent variables are able to explain profitability as a dependent variable by 4.8-100%. The remaining 95.2% is explained by other variables outside the research model.

Proof of t-Test Analysis (Partial) and F-Test (Simultaneous or Anova)

The partial t-test results for liquidity on profitability indicate a significant value of 0.161. Compared with the predetermined margin of error of 0.05, a significance value of $0.161 > 0.05$ indicates that the liquidity variable has no significant effect on profitability. This finding does not support Kasmir's (2021) liquidity ratio theory, which explains the relationship between a company's ability to meet short-term obligations and its ability to generate profits. The better a company's liquidity, the greater creditor confidence and the smoother its operations, which ultimately contribute to increased profitability. However, if liquidity is too high (too much idle cash or current assets), profitability can decline because these funds are not being utilized productively to generate profits.

Several previous studies by Jennah, A., Wisudaningsih, E. T., & Prasetyandari, C. W. (2024) found that t-tests showed no effect of the liquidity ratio on profitability. The results of Sa'adah, L., & Fadhilah, B. A. (2025) show that partially liquidity (CR) has an insignificant effect on profitability (ROA). The results of Amalia, R.'s (2025) research show that liquidity measured using the current ratio has an effect, but is not significant, on profitability. Furthermore, research by Lovitasari, S., Rismansyah, R., & Arifin, M. A. (2023) shows that liquidity partially has a significant effect on dividends.



In other words, a company's ability to pay short-term obligations does not directly affect the amount of profit generated. Research by Welly, W. (2026) also shows that liquidity does not have a significant positive effect on the profitability sustainability index in the Textile and Garment Sector Listed on the Indonesian Sharia Stock Index for the 2022-2024 period. However, research by Shafitri, D. (2025) partially shows that liquidity has a significant effect on profitability in the basic materials subsector for the 2020-2023 period. Santi, A. M. T., Devi, S., & Savitri, N. L. A. (2026) partially found that liquidity has a positive and significant effect on financial performance (ROA). The results of several previous studies have yielded varying findings, making this issue interesting to investigate further.

The results of the partial t-test of activity on profitability indicate a significant value of 0.004. Compared to the predetermined error rate of 0.05, the significant value is $0.004 < 0.05$. This means that the activity variable has a significant partial effect on profitability. The findings in this study support Hery's (2022) activity theory (TATO), which is an activity ratio used to measure how effectively a company utilizes all its assets to generate sales. The higher the TATO value, the more efficient the company's use of assets to generate revenue.

Several studies related to profitability, activity theory states that increasing TATO will encourage increased company profits because the assets owned are able to generate greater sales. In other words, the more effectively a company manages its assets, the greater the company's chances of obtaining high profits or profitability. The results of various studies also show that TATO tends to have a positive effect on profitability (ROA). Reviewed by research by Anggraini, D., & Khoirawati, N. (2023), the activity ratio of the financial performance value of the Pharmaceutical Industry for the period 2019-2021 tends to decrease. In this study, supported by several previous studies by Sa'adah, L., & Fadhilah, B. A. (2025), the Activity variable (TATO) partially has a significant effect on Profitability (ROA). In addition, several studies in line with Fitriyani, f. (2025) state that the activity ratio has a positive and significant effect on profitability. However, profitability is unable to mediate the relationship between the activity ratio and stock prices. Based on the results of research by Safitri, Y. (2025) concluded that the activity ratio has no effect on profitability. However, profitability can mediate the relationship between activity ratio and company value in the consumer cyclical sector for the period (2019-2023). However, Wibowo, V. T. A., & Sumarta, N. H. (2026) stated that partially, liquidity (CR), activity (TATO), have a positive and significant effect on profitability (ROE) of 40 major consumer goods companies listed on the Main Board of the Indonesia Stock Exchange for the period 2020-2024. The results of several previous studies have interesting differences in findings that warrant further investigation.

The results of simultaneous or combined testing (ANOVA) indicate a significant value of $0.003 < 0.05$. Therefore, the F-test indicates that the liquidity and activity variables simultaneously influence profitability in industrial companies, including companies operating in various business fields that support industrial activities listed on the IDX.

The findings of this study support Hery's (2022) theory that profitability is a company's ability to generate profit from its operational activities. One indicator of profitability is Return on Assets (ROA), which measures the ability of a company's assets to generate net income. Meanwhile, Irham Fahmi (2020) states that ROA is a ratio that indicates a company's ability to generate profits by utilizing its total assets effectively and efficiently. The relationship between liquidity (CR) and profitability (ROA) suggests that theoretically, a good Current Ratio (CR) indicates a healthy financial condition, supporting operational activities and generating profits. However, an excessively high CR can indicate idle current assets, potentially reducing profitability.

Apart from that, Hery (2022), Total Asset Turnover (TATO) is an activity ratio used to measure a company's effectiveness in utilizing all its assets to generate sales. Meanwhile, Irham Fahmi (2020), the activity ratio is a ratio that measures the company's level of efficiency in using its assets. TATO shows how much sales can be generated from every rupiah of assets owned by the company. Theoretically, the relationship between activity (TATO) and profitability (ROA), namely, the higher the TATO value, the more efficient the company is in utilizing its

assets to generate sales. Increased sales resulting from effective use of assets will increase profits, thereby having a positive impact on Return on Assets (ROA).

Previous research results from Sa'adah, L., & Fadhilah, B. A. (2025) show that simultaneously liquidity (CR), Debt to Equity (DER) and Activity (TATO) have a significant effect on Profitability (ROA) in Pharmaceutical Sub-Sector Companies Listed on the Indonesian Stock Exchange in 2019-2023. Silvan, A. (2025) hypothesis testing shows that the liquidity ratios, solvency ratios, profitability ratios and activity ratios analyzed are significant for assessing the financial performance of PT Unilever Indonesia Tbk. This study shows that companies must improve liquidity and solvency, as well as improve operational efficiency to optimize profitability and activities. Shafitri, D. (2025). states that upper liquidity, financial structure and leverage have a simultaneous effect on profitability in the basic materials subsector for the period 2020 – 2023. Adelia, n. P. (2026) shows that profitability decreased significantly during the pandemic, liquidity weakened, and solvency increased as the debt burden increased, resulting in increased financial risk and bankruptcy at PT Sritex for the 2018–2024 period.

E. CONCLUSION AND SUGGESTIONS

Conclusion

Conclusion is a final statement prepared based on the results of analysis, discussion or research to answer the problem formulation and objectives that have been set and contains the essence of the research findings concisely, clearly and in accordance with the data obtained which can be described as follows:

1. The results of the partial test or liquidity t-test on profitability state that liquidity has no significant effect on profitability.
2. The results of the partial test or t-test of activity on profitability state that activity has a significant effect on profitability.
3. The results of testing simultaneously (F) or together (anova) state that liquidity and activity simultaneously influence profitability in industrial sector companies listed on the IDX.

Suggestions

Suggestions are recommendations formulated based on the research conclusions to provide input to stakeholders and as considerations for further research. They are explained below:

1. Companies should not only focus on increasing liquidity but also optimize the use of assets and working capital to generate higher profits. Companies need to manage current assets efficiently because high liquidity levels do not necessarily increase profitability. Excessive funds held in cash, receivables, or inventory can become idle funds that do not generate profits. Management needs to maintain a balance between liquidity and profitability to maintain the ability to meet short-term obligations without compromising profit opportunities.
2. Optimize the use of company assets, increase volume (tat), manage inventory efficiently, accelerate accounts receivable turnover to support sales activities, and invest assets selectively.
3. Liquidity ratios are recommended to improve cash and current asset management, accelerate receivables collection, control current liabilities, and optimize inventory. Meanwhile, activity ratios are recommended to optimize asset use, increase sales, reduce non-productive assets, and improve operational efficiency.
4. Further researchers are advised to add other variables that are thought to have a greater influence on profitability, such as activity ratio (TATO), solvency (DAR or DER), company size, sales growth, or operational efficiency.



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