



ANALYSIS OF LIQUIDITY RATIO, PROFITABILITY, AND SOLVABILITY TO EVALUATE THE PERFORMANCE OF PHARMACEUTICAL COMPANIES LISTED ON INDONESIA STOCK EXCHANGE (BEI) DURING THE PERIOD 2021-2023

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ABSTRACT

This study aimed to determine the effect of liquidity, solvency, and profitability ratios on company performance as measured by the return of pharmaceutical sector stocks in Indonesia and listed on the Indonesia Stock Exchange for the 2021-2023 period. The sample in this study is pharmaceutical sector companies listed on the Indonesia Stock Exchange in 2021-2023 and listing their financial statements on the Indonesia Stock Exchange in 2021-2023. The companies are Darya-Varia Laboratoria Tbk, Kalbe Farma Tbk, PT Pyridam Farma Tbk, PT Industri Jamu Dan Farmasi Sido Muncul Tbk, PT Soho Global Health Tbk, and Tempo Scan Pacific Tbk. The methods used in this study was quantitative methods, multiple linear regression analysis, and test classical assumptions. The results of this study show that the variable liquidity ratio with the current ratio has a significant value of 0.013 smaller than 0.05, then the solvency ratio variable has a significant value of 0.0116 greater than 0.05, and the profitability ratio variable has a significant value of 0.000 smaller than 0.05. Research shows that the liquidity ratio (current ratio) and profitability ratio (ROA) affect the performance of pharmaceutical companies on the IDX for the 2021-2023 period, while the solvency ratio (DAR) has no effect.

Keywords: Current ratio, Debt to Asset Ratio, Return on Assets, Company Performance.

1. Introduction

World economic growth is projected at 3.1% in 2024 and 3.2% in 2025. Inflation fell faster than expected in most regions due to supply problems and the end of restrictive monetary policy. In 2024, global inflation is expected to fall to 5.8% and 4.4% in 2025, with forecasts for 2025 revised down (Fund, 2024). It should be noted that Indonesia still faces structural challenges and external risks such as global uncertainty, inflationary pressures, and geopolitical tensions. Many countries, including Indonesia, are on alert. Increased investment, consumption and exports will be key to Indonesia's strong economic recovery (Waluyo, 2024). The President also encouraged all stakeholders to continue to attract domestic and foreign investors. This investment is a priority to provide value to the country (Waluyo, 2024)

In 2022, Indonesia's pharmaceutical market has generated sales of around \$3.6 billion. Statista Health Market Outlook estimates that market revenue will continue to increase by 2028, reaching around \$4.54 billion (Nurhayati, 2023). However, Indonesian pharmaceuticals are still highly dependent on imported raw materials which has an impact on the high price of drugs. Drug prices may become cheaper if through regulatory cuts in an effort to remove obstacles to the development of the pharmaceutical industry. Supported by the rapid response of SOEs. SOEs plan to form a *pharmaceutical SOE holding* in 2020 (Hidranto, 2020).

The pharmaceutical industry incorporated in the *SOE holding*, namely PT Kimia Farma Tbk, and PT Indonesia Farma Tbk, PT Bio Farma. In the results of previous research (Mokoginta, 2023) stated that the pharmaceutical industry holding stated 1). PT Indofarma

Tbk's financial performance in 2020 and 2021 is able to create added value, (2) PT Indofarma Tbk's financial performance in 2021 is the most efficient except for the most efficient inventory turnover ratio in 2020, (3) PT Kimia Farma Tbk's financial performance in 2021 and 2022 is able to create added value, (4) PT Kimia Farma Tbk's financial performance in 2021 is the most efficient (Mokoginta, 2023).

In a very tight business competition like today, high company assets alone are not enough to guarantee a company to survive. In this global era, competitive company management is needed to run a company's business. Financial statements are one tangible form of management performance results in managing a company (Fidhayatin & Uswati Dewi, 2012). Financial statement analysis can be carried out using financial ratios. Financial ratios allow financial managers and interested parties to evaluate financial condition quickly, due to the presentation of financial ratios will show healthy conditions whether or not a company is. Ratio analysis connects the elements of the plan and the calculation of profit loss so as to assess effectiveness and efficiency of a company (Orniati, 2009). Weston and Kasmir states that the forms of financial ratios are Liquidity Ratio, Leverage Ratio, Activity Ratio, Profitability Ratio, Growth Ratio, and Valuation ratio (Erica, 2016).

The purpose of this study is to determine the value or performance of companies through several types of financial ratios that researchers choose, namely liquidity ratios with Current Ratio, solvency ratios with Debt to Assets, and profitability ratios with Return on Assets in pharmaceutical sector companies listed on the IDX in 2021-2023 and also to find out which pharmaceutical companies have the best and worst financial performance in the 2021-2023 period.

2. Literature Review and Hypothesis Development

2.1 Literature Review

2.1.1 Company Performance

According to Fidhayatin & Uswati Dewi (2012) in their research "Analysis of Company Value, Company Performance and Company Growth Opportunities on Stock Return in Manufacturing Companies Listed on the IDX" Company performance is a benchmark for management's success in managing capital, carrying out activities, and achieving profits. This can be seen from the company's financial condition. With good company performance, the welfare of shareholders will increase. Therefore, companies that have good performance, they have the ability to be responsible in paying their debts on time.

2.1.2 Financial Statements

According to Kurniawan & Damayanti (2022), financial statements are the main instrument in presenting company information to stakeholders. The increasing globalization of business and the role of financial information in international markets are driving the need for standardized financial reporting regulations.

2.1.3 Liquidity Ratio

According to Dewi (2017) liquidity ratio analysis in financial statements helps assess the company's ability to pay off its short-term debt that will soon mature. This ratio is very important in financial analysis to assess the financial health of a company so that investors can see how capable the company is of paying its short-term debt. Calculation and analysis of liquidity ratios can give an idea of how well a company is performing.

Based on the type, liquidity ratios have three types, namely current ratio, quick ratio, and cash ratio. In this study we used the current ratio. According to Pratama (2023), the current ratio is one of the popular financial ratios. This ratio is calculated by comparing current assets with current liabilities.

$$\text{Current Ratio} = (\text{Current Assets} / \text{Current Debt}) \times 100\%$$

Figure 10. Current Ratio Formula

2.1.4 Solvency Ratio

The solvency ratio is one of the tools to determine whether or not a company can meet all long-term obligations when the company is liquidated. This study is based on the debt-to-asset ratio, which is a comparison between total assets and total debt, both short-term and long-term (Wulandari & Darwis, 2020). Systematically it can be formulated:

$$\text{DAR} = (\text{Total Assets} / \text{Total Debt}) \times 100\%$$

Figure 11. Debt to Asset Ratio Formula

2.1.5 Profitability Ratio

The profitability ratio is a ratio that measures how effectively the company utilizes existing investments and economic resources to achieve a profit, so that the company is able to provide profit sharing to investors who have invested in the company. The profitability ratio aims to determine the company's ability to generate profits during a certain period and also to measure the level of management effectiveness in carrying out its company operations. The results of measuring this ratio can be used as material for evaluating management performance so far, whether they have worked effectively or not. This study, using the type of profitability ratio return on assets. Return on assets is a measurement of the company's overall ability to generate profits with the total number of assets available in the company, the higher this ratio means the better the condition of a company (Handayani & Handayani, 2022). Systematically it can be formulated:

$$\text{ROA} = \text{Profit after Tax} / \text{Total Assets}$$

Figure 12. Return on Asset Formula

2.2 Hypothesis Development

Based on the explanation above related to the analysis of liquidity, solvency, and profitability ratios on the performance of pharmaceutical sector companies listed on the Indonesia Stock Exchange for the 2021-2023 period, it can be used as a framework and hypothesis for this study, including:

H₁: There is an influence of the liquidity ratio (Current Ratio) on the performance of pharmaceutical sector companies.

The current ratio is one of the benchmarks of a company's liquidity, namely its ability to meet short-term obligations where the higher the current ratio, the better the company's ability to meet its short-term obligations and so high liquidity means the company has plenty of funds available for various purposes, such as paying dividends, financing operations, and making investments (Amalia, 2018). With this statement, it can be concluded that the liquidity ratio (Current Ratio) can be used to assess the company's performance.

H₂: There is no effect of solvency ratio (Debt to Asset Ratio) on the performance of pharmaceutical sector companies.

Solvency ratio, especially Debt-to-Asset Ratio (DAR) is an important factor for investors and creditors to assess the ability or performance of the company to pay off its debt, DAR helps understand and measure the company's ability to meet its long-term obligations. , so that

investors and creditors can make the right investment decisions (Rizki & Yandri, 2019). High DAR can be an indicator of high financial risk of a company. Therefore, it is important for companies to monitor DAR and ensure it is at a safe level (Pratama, 2023). With this statement, it can be concluded that the solvency ratio (debt-to-asset ratio) can be used to assess the presence or absence of influence on company performance.

H3: There is an effect of profitability ratio (Return on Assets) on the performance of pharmaceutical sector companies.

Profitability is the ability of a company to make a profit, as well as utilize fixed assets used to operate. This ability can be measured through a financial metric commonly known as Return on Assets (ROA), which shows the relationship between profits and fixed assets used (Erlina, 2018). Higher ROA means higher company profits, thus making company profits increase. With this statement, it can be concluded that the profitability ratio (return on assets) can be used to assess the company's performance.

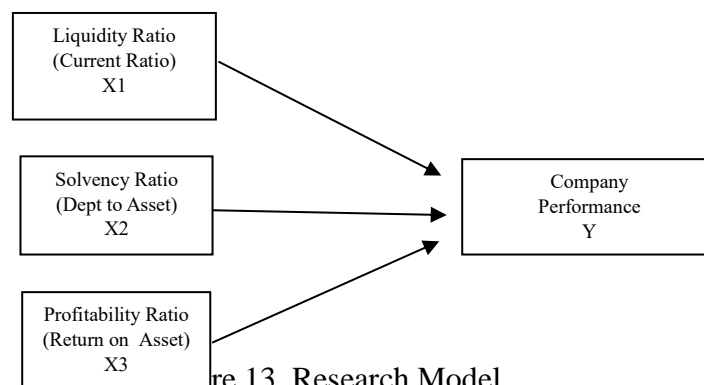


Figure 13. Research Model

3. Research Methods

3.1 Research Design

This study used a quantitative approach. Where quantitative research according to Sarwono is an approach that requires the existence of hypotheses and testing which will then be determine the next stages, such as determining analytical techniques and statistical formulas to be used. Also, this approach is more giving meaning in relation to the interpretation of statistical numbers is not meaning linguistically and culturally (Sugiyono, 2003). In this study, the data used is secondary data in the financial statements of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period. In determining the sample, we determine 2 criteria, namely being listed on the Indonesia Stock Exchange and reporting its financial statements publicly. In its processing, this research uses classical samusion test and Multiple Linear Regression Test

3.2 Population and Research Samples

In research, the population constitutes the entirety of the research subject. Because the selected population has a close relationship with the problem under study. Population also has a meaning as a generalized area consisting of objects or subjects that have certain quantities and characteristics that researchers set to study and then draw conclusions (Prathamy et al., 2022). On the Indonesia Stock Exchange, there are manufacturing industry companies in which there is one of the consumer goods industry sectors that contains the pharmaceutical sub-sector. This pharmaceutical sub-sector is the population of the research to be carried out, the total population listed on the Indonesia Stock Exchange is 13 companies (IDX Data Services Division, 2023).

The sample is a portion of the population whose characteristics will be studied. Research

sample means the part of the population that is the subject of research and is a "representative" of the members of that population. The sample is part of the whole and characteristics that a population has (Prathamy et al., 2022). This study used *purposive* sampling method with criteria, namely:

1. Pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX).
2. Pharmaceutical sub-sector companies that publish financial statements in the period 2021 to 2023 are consistently listed on the Indonesia Stock Exchange (IDX).

Table 9. Criterion

No.	Criterion	Total	Total
1.	Pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX).	13	6
2.	Pharmaceutical sub-sector companies that do not publish financial statements in the period 2021 to 2023 consistently listed on the Indonesia Stock Exchange (IDX).	7	6
Total Companies sampled		6	6

Table 10. Sample

NO	STOCK CODE	EMITEN NAME
1	DVLA	Darya-Varia Laboratoria Tbk.
2	KLBF	Kalbe Farma Tbk.
3	PYFA	PT Pyridam Farma Tbk.
4	SIDO	PT Industri Jamu and Pharmacy Sido Muncul Tbk.
5	SOHO	PT Soho Global Health Tbk.
6	TSPC	Tempo Scan Pacific Tbk.

3.3 Research Data

In this study, the data used is secondary data. The secondary data used is related to the variables used in this study, such as Current Ratio (CR), Return on Asset (ROA), Debt to Asset Ratio (DAR) in the financial statements of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.

3.4 Data Analysis Techniques

According to Yuliara (2016), multiple linear regression is an equation model that explains the relationship of one non-free variable (Y) with two or more independent variables (X_1, X_2, \dots, X_n). The purpose of multiple linear regression tests is to predict the value of the non-free variable (Y) if the values of the independent variable (X_1, X_2, \dots, X_n) is known. In addition, it is also to be able to find out how the direction of the relationship between non-free variables and independent variables. The form of the regression equation is:

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

Conditions when the regression coefficients, namely b_1, b_2 and b_3 have values:

1. If Value = 0. This means that the variable Y is not influenced by $X_1, X_2,$ and X_3 .

2. If the value is negative. This means that there is a relationship in the reverse direction between the non-free variable Y and the variables X₁, X₂, and X₃.
3. If the value is positive, it means that there is a unidirectional relationship between the non-free variable Y and the independent variables X₁, X₂, and X₃.

3.4.1 Coefficient of Determination (r^2)

To determine the percentage of influence of variables X₁, X₂, and X₃ on variable Y, a coefficient of determination is used.

1. If r^2 is 0, then in the regression equation model formed, the variation of the non-free variable Y cannot be explained in the least by the variation of the independent variables X₁, X₂, and X₃.
2. If r^2 is 1, then in the regression equation model formed, the non-free variable Y can be perfectly described by the variation of the independent variables X₁, X₂, and X₃.
3. In this study using multiple linear regression because in this study there is 1 dependent or non-free variable (Y), namely company performance and 3 independent or independent variables (X), namely liquidity ratio (Current Ratio), solvency ratio (DAR), and profitability ratio (ROA) to assess the direction of the relationship between non-free variables and their independent variables. On the other hand, this study will use the coefficient of determination because it has something to do with the formulation of the problem made. To determine the effect of each independent variable (X) on the non-free variable (Y).

3.4.2 Test Hypothesis (T-Test)

The T test can be used to partially test hypotheses in research. To see the results of the T Test, the calculated t value must be greater than the table t value and for significant values it must be below 0.05 (Fidhayatin & Uswati Dewi, 2012).

3.4.3 Classical Assumption Test

1. Normality Test

The normality test is very important to use in classical assumption research. In this test, If the value is Asymp, sig. (2-tailed) above 0.05, then the data is said to be normally distributed (Putra, 2020).

2. Multicollenierity Test

The multicollenierity test is used to find a correlation or relationship between independent variables or variables X₁, X₂, X₃. In this test, interpretation can be seen from the *tolerance* and VIF values, where if the *tolerance value* is above 0.1 and the VIF value is below 10 (Primary, 2023b).

3. Heterokedasticity Test

The heterokedasticity test can be used to find variance inequalities between residuals (Putri & Binastuti, 2023). In this test, interpretation can be seen from scatterplot images.

4. Research Findings and Discussion

4.1 Descriptive Statistical Analysis

4.1.1 Darya-Varia Laboratoria Tbk

Table 11. Financial Report DVLA

Year	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	2,6	0,3	7%	Rp 20.464
2022	3,0	0,3	7%	Rp 16.410
2023	2,9	0,3	7%	Rp 24.064

PT. Darya-Varia Laboratoria Tbk has a liquidity ratio value of >1, meaning that the company's current assets are twice as much as current debt. If the company pays off all current liabilities, it still has sufficient cash or inventory for other short-term needs.

PT. Darya-Varia Laboratoria Tbk has a solvency ratio value of 0.3 from 2021-2023, meaning that the company's assets are the result of the cost of equity, not debt. A good ROA value is at least 5%. PT. Darya-Varia Laboratoria Tbk has a profitability ratio value of 7% from 2021-2023, meaning that the company can generate good profits from asset investment. Every Rp 1 invested by the company in assets managed to generate a net profit of 7%. The stock return in 2022 that the company distributed to investors decreased and rose again in 2023 even higher than in 2021.

With that, the company's performance can be said to be good because the company can pay off all current liabilities, and still has sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity instead of debt, so the company is able to distribute profits to investors.

4.1.2 Kalbe Farma Tbk

Table 12. Financial Report KLBF

	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	3,6	0,2	12%	Rp 589.279
2022	3,8	0,2	13%	Rp 636.735
2023	4,9	0,1	10%	Rp 404.122

PT. Kalbe Farma Tbk has a liquidity ratio value of >1 from 2021-2023, meaning assets The company's current debt is twice as much as current debt. If the company pay off all current liabilities, he still has sufficient cash or inventory for other short-term needs. Kalbe Farma Tbk has a solvency ratio value of 0.2 in 2021 and 2022, and 0.1 In 2023, it means that the company's assets are the result of the cost of equity, not debt. A good ROA value is at least 5%. PT. Kalbe

Farma Tbk has a profitability ratio of 12% in 2021, 13% in 2022, and 10% in 2023, meaning that the company can generate good profits from asset investment. Every IDR 1 invested by the company in assets managed to generate a net profit of 12% in 2021, 13% in 2022, and 10% in 2023.

The stock return in 2022 that the company distributed to investors decreased and rose again in 2023 even higher than in 2021. With that, the company's performance can be said to be good because the company can pay off all current liabilities, and still has sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity not debt, but the company in distributing profits to investors decreases in 2023.

4.1.3 PT Pyridam Farma Tbk

Table 13. Financial Report PYFA

Year	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	1,3	0,8	1%	Rp 5.763
2022	1,8	0,7	18%	Rp 267.391
2023	1,9	0,8	-6%	Rp - 113.903

PT Pyridam Farma Tbk has a liquidity ratio value of >1 from 2021 -2023, meaning that the company's current assets are more than current debt. If the company pays off all current liabilities, it still has sufficient cash or inventory for other short-term needs. PT Pyridam Farma Tbk has a solvency ratio value of 0.8 in 2021, 0.7 in 2022, and 0.7 in 2023, meaning that the company's assets are the result of the cost of equity, not debt.

A good ROA value is at least 5%. PT Pyridam Farma Tbk has a profitability ratio of 1% in 2021, 18% in 2022, and -6% in 2023, meaning that the company in 2022 and 2023 can generate good profits from asset investment. The stock returns in 2022 that the company distributed to investors rose and fell again in 2023 even to minus.

With that, the company's performance can be said to be not good because even though the company can pay off all current liabilities, and still has sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity not debt, but the company in 2023 is unable to distribute the Company's profits to investors.

4.1.4 PT Industri Jamu and Pharmacy Sido Muncul Tbk

Table 14. Financial Report SIDO

Year	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	4,1	0,1	31%	Rp 1.561.854
2022	4,1	0,1	27%	RP 1.451.585
2023	4,5	0,1	24%	Rp 1.893.214

PT Industri Jamu Dan Farmasi Sido Muncul Tbk has a liquidity ratio value of >1 since 2021 -2023, meaning that the company's current assets are more than current debt. If the company pays off all current liabilities, it still has sufficient cash or inventory for other short-term needs.

PT Industri Jamu Dan Farmasi Sido Muncul Tbk has a solvency ratio value of 0.1 from 2021-2023, meaning that the company's assets are the result of the cost of equity, not debt. A good ROA value is at least 5%. PT Industri Jamu Dan Farmasi Sido Muncul Tbk has a profitability ratio value of >5% from 2021-2023, meaning that the company can generate good profits from asset investment. Stock returns from 2022 have decreased, but in 2023 they will rise to exceed 2021, meaning that the Company can distribute profits to investors.

With that, the company's performance can be said to be good because the company can pay off all current liabilities and still have sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity instead of debt, so that the company is able to distribute the Company's profits to investors.

4.1.5 PT Soho Global Health Tbk

Table 15. Financial Report SOHO

Year	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	2,0	0,5	14%	Rp 14.195
2022	2,0	0,5	8%	Rp 3.689
2023	1,9	0,5	8%	Rp 13.704

PT Soho Global Health Tbk has a liquidity ratio value of > 1, meaning that the company's current assets are twice as much as current debt. If the company pays off all current liabilities, it still has sufficient cash or inventory for other short-term needs.

PT Soho Global Health Tbk has a solvency ratio value of 0.5 from 2021-2023, meaning that the company's assets are the result of the cost of equity not debt. A good ROA value is at least 5%. PT Soho Global Health Tbk has a profitability ratio of 14% in 2021 and 8% in 2022 and 2023, meaning that the company can generate good profits from asset investment. Every IDR 1 invested by the company in assets managed to generate a net profit of 14% in 2021 and 8% in 2022 and 2023. The stock return in 2022 that the company distributed to investors declined and rose again in 2023.

With that, the company's performance can be said to be good because the company can pay off all current liabilities, and still has sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity instead of debt, so the company is able to distribute profits to investors.

4.1.6 Tempo Scan Pacific Tbk

Table 16. Financial Report TSPC

Year	Current Ratio (X1)	DAR (X2)	ROA (X3)	Stock Return (Y)
2021	3,3	0,3	9%	Rp 195.467

2022	2,5	0,3	9%	Rp155.785
2023	2,7	0,3	11%	Rp 361.417

Tempo Scan Pacific Tbk has a liquidity ratio value of >1, meaning that the company's current assets are twice as much as current debt. If the company pays off all current liabilities, it still has sufficient cash or inventory for other short-term needs.

Tempo Scan Pacific Tbk has a solvency ratio value of 0.3 from 2021-2023, meaning that the company's assets are the result of the cost of equity, not debt. A good ROA value is at least 5%. Tempo Scan Pacific Tbk has a profitability ratio of 9% in 2021 and 2022 and 11% in 2023, meaning that the company can generate good profits from asset investment. Every IDR 1 invested by the company in assets managed to generate a net profit of 9% in 2021 and 2022 and 11% in 2023. Stock returns tend to increase from 2021 to 2023, meaning that the company can share profits with investors well.

With that, the company's performance can be said to be good because the company can pay off all current liabilities, and still has sufficient cash or inventory for short-term needs, the company's assets are the result of the cost of equity instead of debt, so the company is able to distribute profits to investors.

4.1.7 Descriptive Statistical

Table 17. Descriptive Statistical

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	18	1.3	4.9	2.939	1.0450
Liquidity	18	.1	.8	.356	.2307
Profitability	18	-.1	.3	.117	.0889
Valid N (listwise)	18				

Based on the results of descriptive analysis, it shows that the liquidity ratio (Current Ratio) has a minimum value of 1.3, a maximum value of 4.9, a mean value of 2.939, and a standard deviation value of 1.0450. With a mean value that is greater than the standard deviation value, this has a positive impact because of the even distribution of data and also the efficient use of current assets by the company.

Then the result of the solvency ratio (DAR), has a minimum value of 0.1, a maximum value of 0.8, a mean value of 0.356, and a standard deviation value of 0.2307. With a mean value greater than the standard deviation value, this has a positive impact, such as an even distribution of data and good or stable company finances.

Then the result of the profitability ratio (ROA), has a minimum value of -0.1, a maximum value of 0.3, a mean value of 0.117, and a standard deviation value of 0.0889. With a mean value greater than the standard deviation value, this has a positive impact, such as an even distribution of data and the efficiency of the company's profit and operations.

4.2 Classic Assumption Test

4.2.1 Normality Test

Table 18. Normality Test

<i>N</i>		<i>18</i>
<i>Normal Parameters^{a,b}</i>	<i>Mean</i>	<i>.0000000</i>
	<i>Std. Deviation</i>	<i>236740.28238680</i>
<i>Most Extreme Differences</i>	<i>Absolute</i>	<i>.136</i>
	<i>Positive</i>	<i>.118</i>
	<i>Negative</i>	<i>-.136</i>
<i>Test Statistic</i>		<i>.136</i>
<i>Asymp Sig. (2-tailed)</i>		<i>.200^{c,d}</i>

In the picture of the *Kolmogorov-Smirnov Test One-Sample Test* above, it shows that the normality test shows the value of *Asymp, sig. (2-tailed)* of 0.200. From this result, this data can be said to be normal because the value of *Asymp, sig. (2-tailed)* of 0.200, this is greater than 0.05 or 5%. Therefore, we can conclude that the data from the three variables have a normally distributed spread.

4.2.2 Multicolinierity Test

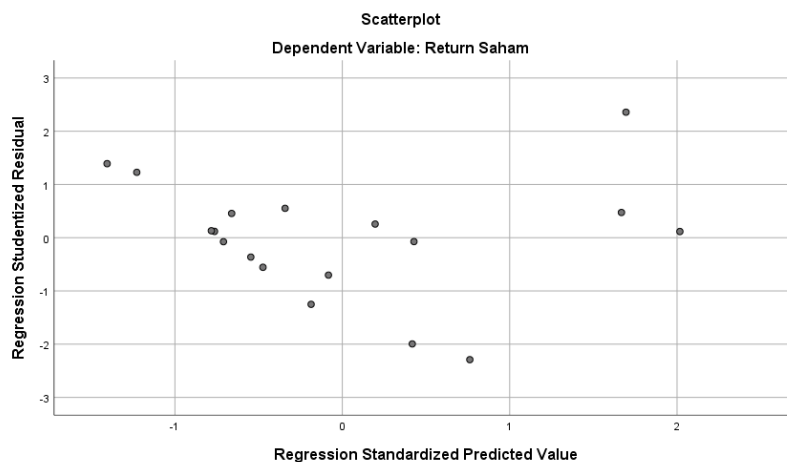
Table 19. Multicolinierity Test

Variable	Tolerance	VIF
Liquidity	.184	5.430
Solvency	.171	5.839
Profitability	.604	1.657

Based on the *coefficients table*, it is known that the VIF value for *Current Ratio* 5.430>10, *DAR* 5.839>10, *ROA* 1.657>10 and *Tolerance* value for *Current Ratio* 0.184>0.1, *DAR* 0.171>0.1, *ROA* 0.604>0.1. Thus, it means that there is no multicollinearity or there is no strong relationship between these variables.

4.2.3 Heterokedastisity Test

Figure 14. Heterokedastisity Test



Based on the scatterplot graph, the points spread between the numbers -1 and 1. The data points do not collect just above or below me but spread out. The spread of dots does not form a widening pattern then narrows then widens again. Thus, variable data does not indicate heterokedasticity.

4.3 Multiple Linear Regression Test

4.3.1 Determination Coefficient

Table 20. Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920	.846	.813	260875.085

The R square value is 0.846 or equal to 84.6%. This number means that the variables *Current Ratio* (X1), *DAR* (X2), and *ROA* (X3) simultaneously (together) affect the variable stock return (Y) by 84.6%. While the rest (100%-84.6% = 15.4%) are influenced by other variables outside this regression equation or variables that are not studied.

4.3.2 Hypothesis Test (T Test)

Table 21. Hypothesis Test (T Test)

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	
1	(Constant)	-1724467.920	644827.824		-2.674	.018
	Current Ratio	401681.999	141092.700	.695	2.847	.013
	DAR	1110300.838	662828.239	.424	1.675	.116
	ROA	4850835.451	915867.380	.714	5.296	.000

The effect of the Liquidity Ratio (Current Ratio) or X1 on Company Performance (Y)

1. The value of t is calculated 2.847 > t table 2.1447, so it can be said that the Liquidity Ratio (Current Ratio) or X1 affects the Company's Performance (Y)
2. The sig value of 0.013 < 0.05, it can be said that the Liquidity Ratio (Current Ratio) or X1 affects the Company's Performance (Y)

The effect of Solvency Ratio (DAR) or X2 on Company Performance (Y)

1. The value of t is calculated 1.675 < t table 2.1447, then the Solvency Ratio (DAR) or X2 has no effect on the Company's Performance (Y)
2. Sig values of 0.116 > 0.05, then the Solvency Ratio (DAR) or X2 has no effect on the Company's Performance (Y)

Effect of Profitability Ratio (ROA) or X3 on Company Performance (Y)

1. The value of t is calculated 5.296 > t table 2.1447, then the Profitability Ratio (ROA) or X3 affects the Company's Performance (Y)
2. The sig value of 0.000 < 0.05, then the Profitability Ratio (ROA) or X3 affects the Company's Performance (Y)

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

$$Y = -1,724,467,920 + 401,681,999 + 1,110,300,838 + 4,850,835,451 = 4,638,350,368$$

This result, if the value is positive, means that there is a unidirectional relationship between the non-free variable Y and the independent variables X1, X2, and X3.

4.4 Analysis and Discussion

4.4.1 The Effect of Liquidity Ratio on Company Performance

From the results of the T test analysis, it can be seen that the liquidity ratio (Current Ratio) gets a significant value of 0.013 smaller than 0.05, meaning that H0 is accepted and H1 is rejected. So it can be concluded that the liquidity ratio partially has a significant influence on the company's performance because the significant value for the liquidity ratio is greater. The higher the ability of a company to pay off short-term debts, the lower the profit that will be received by a company as a result of repaying these short-term debts so that this will certainly affect the company's performance conditions later.

The results of this study are in accordance with previous research conducted (Sembiring, 2019), where in his research the liquidity ratio with the current ratio has an influence on company performance.

4.4.2 The Effect of Solvency Ratio on Company Performance

From the results of the analysis and discussion above, it can be seen that the solvency ratio variable gets a significant value of 0.116 > 0.05. Then it can be concluded that the solvency ratio partially does not have a significant effect on the Company's performance. The Company in fulfilling long-term obligations does not affect the Company's performance. The higher the solvency value, it will not directly affect the company's obligations in meeting its long-term debt repayment which will ultimately have an impact on the company's performance.

4.4.3 The Effect of Profitability Ratio on Company Performance

From the results of the T test analysis above, it can be seen that the profitability ratio gets a significant value of 0.000 < 0.05. Then it can be concluded that the profitability ratio partially has a significant influence on financial performance. Because the higher the Return on Assets owned by the company, it shows the better the company's performance because with a high Return on Assets the company is able to generate and manage more profits from the assets that the company has so that this is also good for attracting investors (Iman & Saleh, 2023)

4.4.4 The Company's performance is assessed based on Current ratio, DAR, ROA.

Table 22. Financial Report

Company	Current Ratio (X1)	DAR (X2)	ROA (X3)
DVLA	2,8	0,3	7%
KLBF	3,4	0,2	12%
PYFA	1,7	0,0	4%
SIDO	4,2	0,1	27%
SOHO	2,0	0,5	10%
TSPC	2,8	0,3	10%
Average Industry	1,50 - 3,00	0,5	14,72%

Financial performance appraisal is analyzed by a comparative method between the resulting financial performance with applicable performance standards derived from industry averages. Based on the table above, the company that has the best current ratio value is PT. Sido Muncul Tbk's Herbal and Pharmaceutical Industry with a ratio value of 4.2 and which has the worst *current* ratio value of PT Pyridam Farma Tbk with a ratio value of 1.7. The company

that has the best ROA value is PT Pyridam Farma Tbk with a ratio value of 0.0 and the company that has the worst DAR value is PT Soho Global Health Tbk with a ratio value of 0.5. The company that has the best ROA value is PT. Herbal and Pharmaceutical Industry Sido Muncul Tbk with a ratio of 27% The company that has the worst ROA value is PT Pyridam Farma Tbk with a ratio value of 4%.

5. Conclusions

Based on the results of analysis on descriptive statistical tests, classical assumption tests, multiple linear regression tests, and hypothesis tests. Then it can be concluded the following:

1. The Liquidity Ratio (Current Ratio) has a significant effect on the performance of pharmaceutical companies (stock returns) listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.
2. The Solvency Ratio (DAR) does not have a significant effect on the performance of pharmaceutical companies (stock returns) listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.
3. The Profitability Ratio (ROA) has a significant effect on the performance of pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period limitations and implications.
4. The best financial statements are PT. Sido Muncul Tbk Herbal and Pharmaceutical Industry and the worst financial report PT Pyridam Farma Tbk.

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