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INFLUENCING FACTORS ON FINANCIAL PERFORMANCE OF BASIC MATERIALS SECTOR COMPANIES LISTED IN IDX

Christy Trivena[1], Augustpaosa Nariman[2*]

[1,2] Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia
Email: christy.125210075@stu.untar.ac.id, augustpaosa@fe.untar.ac.id

*Corresponding Author

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ABSTRACT

In the financial realm, financial performance plays a key role in describing compaies's finanncial condition. The capacity to generate profits provides insight into the company'sperformance, which serves as a key element in evaluating itsfinancial performance. This study's purpose is to understand how the influence of independent variables consisting of sales growth, firm size, liquidity, and leverage on dependent variable, namely financial performance in basic materials sector companies officially listed on the IDX /Indonesia Stock Exchange in 2021-2023. This study uses 129 observational data taken using purposive sampling mothod, and the obtained samples that meet the predetermined requirements/criteria are 43 companies, also will be studied further. Secondary type data was used in this study data acquisition comes from the official IDX website and other companies's websites. Multiple linear regression method was the analysist in this study based on the Econometric-Views (E-views) version 12 program. According to the results of the data processing that has been carried out, the results indicate that the sales growth and firmsize variables have a significant positive impact on financialperformance, meanwhile the liquidity and leverage variables have a significant negative impact on financialperformance. It is expected that the findings of this study will serve as a reference for practitioners in their decision-making.

Keywords: *Financial Performance, Sales Growth, Liquidity, Leverage, Firm Size*

1. INTRODUCTION

Economic development in this globalization era is increasingly tight, uncertain and difficult to predict. This can be seen from the increasingly intense level of competition among companies with various forms of business. Each company is expected to have the ability on implementing good/strong strategy to survive in the face of competition with competitors, so that it can survive and be able to commit to improving its performance to the maximum. Because companies that have the strength will be able to survive, while those that cannot compete may face bankruptcy or liquidation.

Basic materials sector companies are used as subjects in this study because it has large financial impact, high risk, and a significant influence on society and economic world sustainability. Addition, this sector also plays a major role in accelerating national economic growth. The role of basic materials sector companies provides energy supplies and other mineral resources as resources that are needed by other companies. If there is price changes in the stock market on this sector, this condition will impact the economic growth of other sector companies.

LAST	PREVIOUS	MIN	MAX	UNIT	FREQUENCY	RANGE
▼ 1,324.574 09 Sep 2024	▼ 1,328.608 06 Sep 2024	983.560 31 May 2023	1,457.868 28 May 2024	NA	daily	01 Mar 2021 - 09 Sep 2024

Figure 1. IDX Index Basic Materials Sector
Source: www.ceicdata.com

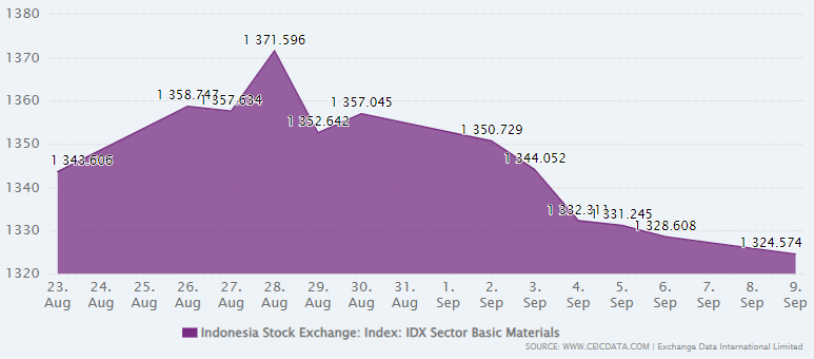

Figure 2. IDX Stock Price Decline in the Basic Materials Sector
Source: www.ceicdata.com

Based on a quote found on ceicdata.com, it says that IDX Index: IDX sector basic materials data company reported 1,324.574 NA in 9 Sept 2024, this results showed a drop from past data of 1,328,608 NA in 6 Sept 2024. IDX Index: IDX sector basic materials data was updated daily, on average number(median) 1,247,940 NA in March 2021 to 9 Sept 2024, obtained 853 observation data. This data saw a significant increase of 1,457.868 NA in 28 May 2024, also significant decreased of 983.560 NA in 31 May 2023. IDX Index: Exchange Data International Limited reported IDX sector casic materials data remains active on CEIC. The data was classified under high frequency, which shows that the stock market price index of basic materials sector companies has decreased quite drastically. As listed in figures 1. and 2., the IDX stock price decline index in the basic materials sector in the period March 1, 2021 to September 9, 2024 is 1,324,574, a decline which of course has a huge impact on the movement of the world economy.

In addition to this, according to a quote found on idxchannel.com, it is stated that the majority of stock sectoral indices recorded the worst performance during the first semester of 2023. This aligns with the declining trends of the Composite Stock Price Index (CSPI) by 2.76% over the same period. This is characterized by a fairly drastic decline in several IDX company sectors during 2023, and one of them is the basic materials sector company. This can be proven from the quote on idxchannel.com that "Another worst performing sectoral index is IDX Sector Basic Materials with a correction of 18.35%. The basic materials sector contains issuers engaged in chemical goods, construction materials, wood and paper products."

The phenomena of IDX basic materials sector companies on the explanation above are assumed to be caused by several reasons. However, it cannot be denied that whatever the reason, the company must still be able to restore normal conditions with existing funding sources to finance or operational activities of the basic materials sector companies, this ensures that the company's performance remains stable. We can see this from the increasingly intense level of competitive competition among companies with various forms of business. Each company should be able to survive also commit to improving companies's performance to the maximum. So companies may face bankruptcy or liquidation in this competitive world.

This research emphasizes financial performance which determined through companies's capability to make profits, which is the primary goal. The profitability of the company has a relationship with the increase or decrease in years sales volume. Sales growth measures changes in years sales, and is a great hope for entrepreneurs to maintain business continuity and generate maximum profits. The second factor that affects profitability is liquidity.

Liquidity is companies's capability on paying off companies's debts using shortterm assets. A high company's liquidity level, shows better financial performance on companies (Vernatta & Ekadjaja, 2022). The third factor that affects profitability is leverage. Every company needs a source of funds to carry out its operational activities to achieve a certain profitability. To make decisions about the choice of funding source, the leverage ratio can be used as a basis for careful calculation (Kasmir, 2019). If the proportion of leverage is not considered by the company It will lead to a reduction in profitability since using debt results in a fixed interest obligation. (Arifin, D.S., et al, 2019). Lastly, the fourth factor that affects profitability is firm size. Firm size is measured by the total assets that companies owned. Large firm size, interpret stability of company. Also ability to deal with problems in business, because the size of company is viewed by the total assets it possesses (Cahyana & Suhendah, 2020). So firm size has potential to attract investors, also can increase the company's profits to the maximum.

Financial Performance
Kasmir's view (2019), profitability is used by company to evaluate its capability to produce profits. It also serves as an indicator/ratio that shows how effective the company's management, reflecting the profits earned from sales and investment income. Therefore, it can be inferred that this profitability ratio reveals the effectiveness of companies's financial performance.

Sales Growth
According to Kasmir's view (2019), sales growth is an indicator/ratio that represents a firm's capability to sustain firm's economic standing within the broader economy and its specific industry. It indicates the capability of firm on increasing its sales, relative to the previous period.

Liquidity
Kasmir (2019) states that *liquidity* is an indicator/ratio that represents a firm's capability on paying off its current/short-term obligations or maturing debts, including those owed to external parties (business entities's liquidity), as well as internal obligations (company's liquidity). A high company's liquidity level company can also indicate the faster the level of inventory turnover in current assets.

Leverage
Due to Kasmir (2019)'s view, the leverage is an indicator/ratio that describes the volume of a firm's assets financed through debt. Debt to Assets Ratio (DAR) is used to measure the connection between firm's debts and firm's assets, showing the degree to which firm's assets are financed through debts or how debts affect asset management. This interprets the more increasing DAR, shows less of the owner's capital can be used as debt collateral.

Firm Size
Hery (2018) defines firm size as a representation of the volume/size of a firm, this described by its assets in total or company's net sales. So we can say that firm size represent the company's size, which can be shown through total assets, total revenue, stock market value, and so on.

Sales Growth with Financial Performance
Kasmir (2019)'s view, sales growth sales growth is an indicator/ratio that represents a firm's capability to sustain its economic standing, as well as growth within the broader economic and business sectors. Sales growth shows how much a company's sales have increased relative to

total sales that affects firm's financial performance. Josephine and Dermawan (2022)'s research, resulting that sales growth has a positive and significant impact on ROA.
H1: Sales Growth Has a Significant Positive Effect on Financial Performance

Liquidity with Financial Performance
Kasmir (2019) describes liquidity as an indicator/ratio that represents a firm's capability on paying off its current/short-term obligations or debt that will mature. Vernetta and Ekadjaja (2022) support this by stating that higher companies's liquidity level indicative a high firm's financialperformance, interprets that liquidity ratios play a crucial role in financial performance as they indicate the firm's capability to ensure profitability. Research by Vernatta and Ekadjaja (2022), states that liquidity has no significant impact on firm's performance.
H2: Liquidity Has a Significant Positive Effect on Financial Performance

Leverage with Financial Performance
Vernetta and Ekadjaja (2022) state that the leverage ratio is designed to assess the capability of companies to fulfill its long and short financial obligations. Amelya and Dermawan (2024) add that represented by the Debt to asset ratio (DAR), an indicator/ratio that described by firm's assets proportion finannced through debt, so that high leverage level in companies is not a good sign for the firm's performance, this means firm's capitals are lower than debts owned by the firm. Michella and Wijaya (2024)'s research, states that leverage has a negative significant impact on firm's performance.
H3: Leverage has a Significant Negative Effect on Financial Performance

Firm Size with Financial Performance
In general, company/firm size is an indicator that shows the companies's characteristics parameters to determine companies's size. Michella & Wijaya (2024) also state that bigger companies are more likely noticed by investors and will directly impact on the company's profit. Nugrafa, R.S., et al (2021)'s research, describes that company/firm size has a positive impact on financial performance.
H4: Firm Size Has a Significant Positive Effect on Financial Performance

The research hypotheses chart is presented below:

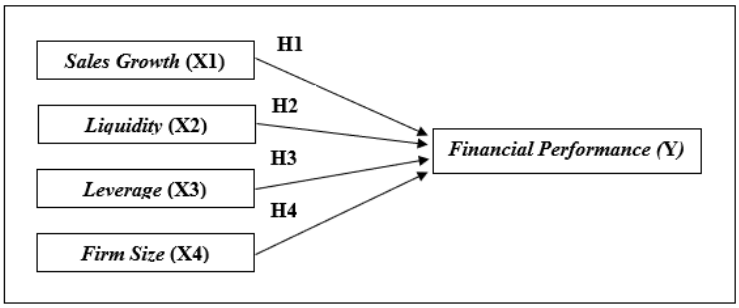

Figure 3. Hypotheses Chart
Source: Processed by researchers

The Multiple Regression Model

The prediction equation used in this research is:

$$Y = \alpha + \beta 1SG + \beta 2LIQ + \beta 3LEV + \beta 4FS + e$$

Descriptions:

Y	: Financial Performance	LIQ	: Liquidity
α	: Constant	LEV	: Leverage
β1-β4	: Multiple Linear Regression	FS	: Firm Size
SG	: Sales Growth	e	: Error Term

2. RESEARCH METHOD

Population to examine the impact and Samples

This research's object was chosen to assess how sales growth, liquidity, leverage, and firm size variables impacting financial performance variables. Research's sample collected from company's financial report through idx official website. This reaearch uses 129 observational data,that chosen by purposive sampling method, also the obtained samples are 43 companies.

Data Analysis Technique

Samples are selected based on criteria using purposive sampling method. A quantitative approach was adopted in this research which involved analyzing numerical data. This research uses panel data in hypothesis testing. This reaearch's analysist method utilized multiplelinear regression for the data analysist process, using the Econometric Views (E-views) 12 Software.

Variable and Measurement

Table 1. Operationalization of Variables and Instruments
Source: Processed by researchers

Variables	Sourced	Instruments	Scale
Financial Performance (Y)	Kasmir (2019)	$\text{ROA} = \frac{\text{Earning After Interest and Tax (EAIT)}}{\text{Total Assets}}$	Ratio
Sales Growth (X_1)	Kasmir (2019)	$\text{Sales Growth} = \frac{\text{Sales (t)} - \text{Sales (t} - 1)}{\text{Sales (t} - 1)}$	Ratio
Liquidity (X_2)	Kasmir (2019)	$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Ratio
Leverage (X_3)	Hery (2018)	$\text{DAR} = \frac{\text{Total Liability}}{\text{Total Assets}}$	Ratio
Firm Size (X_4)	Vernetta & Ekadjaja (2022)	$\text{Firm Size} = \text{Ln (Total Assets)}$	Ratio

3. RESULTS AND DISCUSSIONS

Panel Data Regression Estimation Results

Table 2. Panel Data Regression Estimation Results
Source: E-Views 12 Analysis Result

Description	Common Effect Model (CEM)		Fixed Effect Model (FEM)		Random Effect Model (REM)	
	t- statistics	Prob.	t- statistics	Prob.	t- statistics	Prob.
Constant	-0.117958	0.0274	-1.814298	0.0359	-0.127387	0.0883
Sales Growth	0.075127	0.0000	0.078257	0.0000	0.075787	0.0000
Liquidity	-0.000583	0.0023	-0.000649	0.0013	-0.000592	0.0006
Leverage	-0.155645	0.0000	-0.205621	0.0002	-0.158622	0.0000
Firm Size	0.007725	0.0001	0.068873	0.0268	0.008103	0.0032

Presented below the results of panel data regression estimation analysist model:

Table 3. LM Test Results
Source: E-Views 12 Analysis Result

	Cross-section	Test Hypothesis Time	Both.
Breusch-Pagan	27.79225	1.271403	29.06365
	(0.0000)	(0.2595)	(0.0000)

According to the Chow test result, the cross section chi square probabilityvalue is 0.0000(α<0.05), Chow test results interprets that FEM is preferable to the CEM. In addition, the Hausman test results interprets that the cross section random probabilityvalue is 0.3931 (α>0.05), the result is REM is more suitable than FEM. Lastly, LM test result value in table 3 resulting 0.0000(α<0.05). Therefore, REM is the most suitable panel data regression estimate in this research.

Descriptive Statistics Test Result

Table 4. Descriptive Statistics Test Result
Source: E-Views 12 Analysis Result

Description	ROA	Sales Growth	Liquidity	Leverage	Firm Size
Mean	0.036709	0.021181	5.842462	0.387415	28.06342
Median	0.038100	0.077900	1.809500	0.401000	28.02090
Maximum	0.163700	0.759000	170.7568	0.823600	32.04940
Minimum	-0.109900	-1.469000	0.108200	0.007400	23.78570
Std. Dev.	0.050316	0.273657	18.07695	0.218378	1.768117
Skewness	0.038439	-1.826256	7.342214	0.116829	-0.129331
Kurtosis	3.165992	9.730263	61.98340	1.084926	2.927977
Jarque-Bera	0.179867	315.1754	19858.87	4.794263	0.387502
Probability	0.913992	0.000000	0.000000	0.090979	0.823863
Sum	4.735400	2.732400	753.6776	49.97650	3620.182
Sum Sq. Dev.	0.324058	9.585687	41827.33	6.104162	400.1585
Observations	129	129	129	129	129

The Financial Performance (ROA) variable has 0.0367 for average(mean) and 0.0503 for std. dev. Represents the standard deviation exceeds the mean implies considerable variation in the data, pointing to an uneven distribution and also high variability.

For the Sales Growth variable, the average(mean) is 0.0212 and std. dev. is 0.2737. This std. dev. implies that most values are distributed relatively close to the mean, showcasing moderate variability without extreme deviations.

Regarding the Liquidity variable, which average(mean) is 5.8245 and std. dev. is 18.07695. Interprets the std. dev. exceeds the mean, indicates a substantial variation in liquidity variable among different companies, suggesting a significant level of variation in the data, pointing to an uneven distribution.

In the case of Leverage variable, which average(mean) is 0.3874 and std. dev. is 0.2184. Interprets the std. dev. lower in comparison to the mean, indicates that there is minimal variation in the leverage variable among different companies, suggesting a lack of uniform distribution.

Lastly, the Firm Size variable has an average(mean) 28.0634 and std. dev. 1.7681. showcasting extremely small std. dev. in comparison to average(mean), reflects minimal variation within the data, indicating that it is fairly evenly distributed.

Hypotheses Test Result

The Regression Equation and t-test

Table 5. The Regression Equation and t-Test Result
Source: E-Views 12 Analysis Result

Variable	Coefficient	Std.Error	t- Statistic	Prob.
Constant	-0.127387	0.074162	-1.717689	0.0883
Sales Growth	0.075787	0.009745	7.777049	0.0000
Liquidity	-0.000592	0.000169	-3.501884	0.0006
Leverage	-0.158622	0.020754	-7.642987	0.0000
Firm Size	0.008103	0.002692	3.010600	0.0032

The regression equation formed and results in this research are as follows:

$$ROA = -0.1274 + 0.07579SG - 0.0006LIQ - 0.1586LEV + 0.0081FS + e$$

In the equation presented above, constant value can be identified -0.1274. provided that sales growth, liquidity, leverage, and firm size variables have a equal to zero, then the financial performance variable has a value of -0.1274.

The coefficient of Sales Growth(SG) variable is equal to 0.0757. On the condition that other variables/factors are held constant and sales growth sees an rise/increases of 1, then ROA is going to rise/increase of 0.0757. The sales growth variable has a t-value 7.7770 > t-table 1.9788 and a probability(prob.) level 0.0000($\alpha<0.05$). this findings interpret sales growth has a significant positive impact on financial performance (ROA), referring to the acceptance of H1.

The coefficient of Liquidity(LIQ) variable is equal to -0.0006. On the condition that other variables/factors are held constant and liquidity sees an rise/increases of 1, ROA is going to reduce/decrease of 0.0006. Liquidity has a t-value -3.5019 < t-table -1.9788 and a probability level equals to 0.0006($\alpha<0.05$). These results interpret the liquidity variable has a significant negative influence on financial performance (ROA) referring to the rejection of H2.

The coefficient of Leverage(LEV) variable is equal to -0.1586. On the condition that other variables/factors are held constant and leverage sees an rise/increases of 1, ROA is going to reduce/decrease of 0.1586. Leverage variable has a t-value -7.6430 < t-table -1.9788 and a probability level equals to 0.0000(α<0.05). These results interpret the leverage variable has a significant negative influence on financial performance (ROA) referring to the acceptance of H3.

The coefficient of Firm size(FS) variable is equal to 0.0081. On the condition that other variables/factors are held constant and firm size sees an rise/increases of 1, ROA is going to rise/increase of 0.0081. Firm size (FS) variable has a t-value 3.0106 > t-table 1.9788 and a probability level equals to 0.0032(α<0.05). These results interpret the firm size variable has a significant positive impact on financial performance (ROA) referring to the acceptance of H4.

Table 6. Statistical F Test Result and Statistical Descriptive Test Result
Source: E-Views 12 Analysis Result

	Weighted Statistics		**Weighted Statistics**		**Weighted Statistics**
R-Squared	0.464894	F-Statistic	26.93246	S.D. Dependent var	0.033901
Adjusted R Squared	0.447633	Prob (F- Statistic)	0.000000	Sum-Squared Resid	0.078716
S.E.of Regression	0.025195	Mean Dep. Var	0.018179	DW Stat	1.742462

Hypothesis testing results presented above, explain how much impact of all independent variable towards the dependent variable. Random effect model approach applied in this research has result an F-value 26.9325 > F-table 2.6771, and has an F-statistics probability value equals to 0.0000 <0.05. results interpreted that the variables sales growth, liquidity, leverage, and firmsize influence financial performance. In addition, Adjusted R squared value is 0.447633. The coefficient of determination shows independent variables of sales growth, liquidity, leverage, and firm size are affected ROA variable in basic materials company on IDX by 44.7633%, while the remaining value of 55.2367% explained by other variables that are not used to calculate this variable.

Classic Assumption Test Result

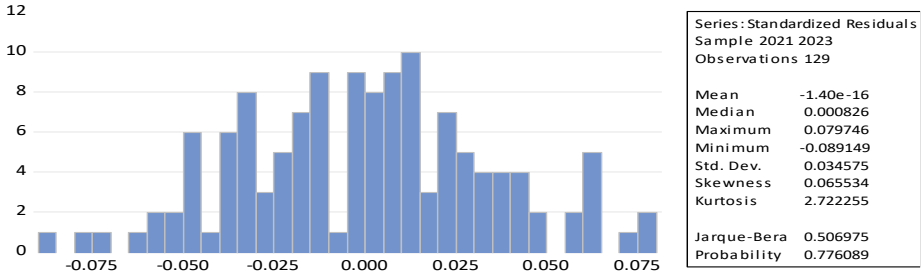

Figure 2. Normality Test
Source: E-Views 12 Analysis Result

Based on the histogram of normality test in figure 2, revealed that Jarque-Bera probability is greater than 0.05, which equals to 0.7761. Due to the normality test presented above, its interpreted the random effect estimation model regression within this work, categorized normal.

Table 7. Multicollinearity Test Result
Source: E-Views 12 Analysis Result

Description	Sales Growth	Liquidity	Leverage	Firm Size
Sales Growth	1.000000	-0.032592	0.123483	0.104298
Liquidity	-0.032592	1.000000	-0.329063	-0.312412
Leverage	0.123483	-0.329063	1.000000	0.315455
Firm Size	0.104298	-0.312412	0.315455	1.000000

An effective regression model is one where there is no correlation among all independent variable. Assuming all independent variable have correlations, they aren't considered orthogonal/uncorrelated. The Multicollinearity testing results presented in table 7 explain how strong correlated impact with both the dependent variable and each other. The correlation coefficient value between all independent variable < 0.80, these findings indicate that there in no multicollinearity issue was detected.

Table 8. Heteroscedasticity Test Result
Source: E-Views 12 Analysis Result

Variable	Coefficient	Stand. Error	t- Statistic	Prob.
Constant	0.076561	0.038345	1.996641	0.0481
Sales Growth	-0.000255	0.006058	-0.042020	0.9666
Liquidity	-0.000138	0.000103	-1.338491	0.1832
Leverage	-0.011671	0.011029	-1.058271	0.2920
Firm Size	-1.001558	0.001390	-1.121282	0.2643

In testing for heteroscedasticity problems, this work uses Glejser test. From the findings presented above, the evidence points show there is no heteroscedasticity problem. This is because probability(prob.) value of sales growth variable is 0.9666 which $\alpha>0.05$, probability(prob.) value of liquidity variable is 0.1832 which $\alpha>0.05$, probability(prob.)value of leverage variable is 0.2920 which $\alpha>0.05$, and probability(prob.)value of firm size variable is 0.2643 which $\alpha>0.05$.

Table 9. Auto-correlation Test Result
Source: E-Views 12 Analysis Result

	Weighted Statistics		Weighted Statistics		Weighted Statistics
R-Squared	0.464894	F-Statistic	26.93246	S.D. Dependent var	0.033901
Adjusted R Squared	0.447633	Prob (F- Statistic)	0.000000	Sum-Squared Resid	0.078716
S.E.of Regression	0.025195	Mean Dep. Var	0.018179	DW Stat	1.742462

Indicated from findings of auto-correlation test above, DW Stat value is 1.7425. This indicates that no auto-correlation problem is detected. This is because the DW value falls within the acceptable range of the Durbin-Watson testing method which DW value between -2 and +2 means no autocorrelation. The fulfillment of these criteria ensuring the model's accuracy.

The Effect of Sales Growth on Financial Performance

From the regression analysist findings, stated that sales growth variable has a t-value equal to 7.7770 > t-table 1.9788 and a probability level equals to 0.0000 which $\alpha < 0.05$. These results interpret the sales growth variable has a significant positive impact on financial performance, referring to acceptance of 1st hypothesest. Results interprets that sales growth has the most substantial impact on financial performance of basic materials companies, increasing sales growth level is crucial for assessing a good firm's performance.

The Effect of Liquidity on Financial Performance

From the regression analysist findings, stated that liquidity has a t-value equal to -3 < t-table -1.9788 and a probability level equals to 0.0006 which $\alpha < 0.05$. These results interpret the liquidity variable has a significant negative impact on financial performance, referring to rejection of 2nd hypothesest. Hypothesest results revealed that company is capability on paying off its current/short-term obligations is align with the financial performance of basic materials companies. Level of liquidity helps companies to run operations, make great decisions, also maintain the companies's stabilization operations, is defined by a high liquidity level. Liquidity is also an assessment for investors to invest in companies, also a contributing element stating that a firm's healthy financial.

The Effect of Leverage on Financial Performance

From the regression analysist findings, stated that leverage has a t-value equal to -7.6430 < t-table -1.9788 and a probability level equals to 0.0000 which $\alpha < 0.05$. These results interpret the leverage variable has a significant negative impact on financial performance, referring to acceptance of 3rd hypothesest. Hypothesest results indicate that company is able to organize debt to assets (DAR) is align with the basic materials companies's financial performance. Decision-making to manage financing in the form of DAR is one of the effects of managing companis's leverage.

The Effect of Firm Size on Financial Performance

From the regression analysist findings, showed that firm size(FS) has a t-value 3.0106 > t-table 1.9788 and a probability level equals to 0.0032 which $\alpha < 0.05$. These results interpret the firm size variable has a significant positive impact on financial performance(ROA) referring to acceptance of 4th hypothesest. Hypothesis results indicate that the size of basic materials companies is align with the financial performance. Firm size represents company's competitiveness and factor that influence companies's financial performance on making profits.

Table 10. Hypothesist Test Result
Source: E-Views 12 Analysis Result

Hypotheses	Result
H1	Accepted
H2	Rejected
H3	Accepted
H4	Accepted

4. CONCLUSIONS AND SUGGESTIONS

From this research findings, it is revealed that sales growth and firm size have a significant positive impact on financial performance, while liquidity and leverage have a significant negative impact on financial performance. The hypothesest testing results indicate sales growth was the most substantial impact on basic materials companies's financiall performance. This shows that the ability of a company to increase the sales growth level is important to assessing whether companies's performance is consistent and good, also improve it. The 2nd factor that impact basic materials companies's financial performance is liquidity, which refers to companies's cability on paying off its immediate debt(liabilities) funded by current(liquid) assets. High level of liquidity generally signifies superior company's financial performance. The 3rd factor affecting profitability is leverage, every company requires a source of funding to conduct its operational activities, achieve financial returns, and generate profits. Finally, the 4th factor is firm size, determined from companies's assets in total. A larger firm

size indicates greater stability and an enhanced ability to handle challenges in business operations, as it reflects the total assets held by the company.

This study has several limitations in measuring the relationship between sales growth, liquidity, leverage, and firm size in relation to financial performance. Additionally, the focus is restricted to companies in the basic materials sector. Taking a single sector is based on the fact that researchers want to focus the research to be more detailed and structured analysis. this study used three years observation datas, from 2021 to 2023. Due to several limitations and time constraints in this work, various recommendations can be developed also practiced for future research, namely adding other independent variables that explain the relationship to financial performance, extending the research time frame, and exploring other sectors to provide more variation. Such variations could over valuable/important perspective to stakeholders, also inform strategic planning decision-making across diverse contexts.

The limitations of this research are: 1) Basic materials sector firms that are firms registered in the IDX on timeframe 2021 to 2023; 2) Basic materials sector firms that consistently listed and report their financial statements on IDX consecutively on timeframe 2021 to 2023; lastly 3) Companies in the *basic materials* sector that present their financial reports on IDX in rupiah(IDR) currency on timeframe 2021 to 2023.

Advice for basic materials companies that supply essential materials to other industry in Indonesia is to consider future strategies and steps to enhance product quality and marketing efficiency. Basic materials firms, particularly firms registered in the IDX, must be able to overcome the problems that exist in this era of modernization, especially the world basic materials and the current global economic conditions. This research aims to assist economic stakeholders and the community by providing insights into factors that can affect companies's financial performance, also reflects company's potential to further enhance its company financial performance, and participate in lifting Indonesia to become one of the strong economic globally.

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