

ANALYSIS OF THE EFFECT OF ASSETS, EQUITY, AND LIABILITIES ON THE EARNINGS PERFORMANCE OF INDUSTRIAL COMPANIES ON THE INDONESIA STOCK EXCHANGE POST COVID-19: A PANEL DATA APPROACH 2021-2024

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ABSTRACT

This study aims to analyze the effect of assets, equity, and liabilities on the profit performance of industrial companies listed on the Indonesia Stock Exchange (IDX) in the post-COVID-19 pandemic period, namely 2021 to 2024. The sample consists of 43 industrial companies with panel data analyzed using a panel data regression approach, including the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The estimation results show that the Fixed Effect Model is the best model based on the highest R-squared value (99.23%) and Durbin-Watson statistics close to 2 (2.43). In the FEM model, the asset variable has a positive and significant effect on profit, while equity and liabilities show a significant negative effect. This finding indicates that an increase in assets can boost the profitability of post-pandemic industrial firms, while an inefficient financing structure through equity or debt can suppress profit performance. This study provides important implications for company management and investors in assessing the composition of the financial structure to optimize profit performance in times of economic recovery.

Keywords: Profit, Assets, Liabilities, Equity, and Panel Data Regression.

1. INTRODUCTION

The COVID-19 pandemic that hit the world in late 2019 to early 2021 has caused major disruptions to global economic activity, including in Indonesia. The industrial sector is one of the sectors most affected by the decline in demand, supply chain disruptions, and high market uncertainty. As a result, many industrial companies have experienced a decline in revenue, production efficiency, and profitability. Entering the post-pandemic recovery phase, from 2021 to 2024, the industrial sector is starting to show signs of recovery, but with very different financial dynamics compared to the pre-crisis period.

Financial performance, especially company profits, is a key indicator in assessing the operational success of a business entity (Diana & Maria, 2020). Profit not only reflects the company's ability to generate profits, but also becomes the basis for investors in making investment decisions (Olayinka, 2022). On the other hand, profit is also strongly influenced by the company's financial structural factors such as the amount of assets owned, the composition of liabilities, and shareholders' equity. The right financial structure can support efficiency and productivity, while a non-optimal structure can increase risk and reduce profitability.

In the context of post-COVID-19 economic recovery, the management of financial structure is crucial because companies must be able to balance the needs of working capital, productive investment, and the ability to bear the burden of debt and other obligations. Therefore, it is important to review the relationship between assets, liabilities, and equity to earnings performance, especially in industrial companies that are the driving force of the national economy. The analysis of this relationship is relevant to understand how industrial companies strategize their finances in conditions of uncertainty and cost pressures after the global crisis. Previous studies have examined the effect of financial variables on profitability, but most of them were conducted before the pandemic. Post-pandemic conditions bring many structural changes in business and financing strategies, so an updated empirical study is needed to capture these changes. By using a panel data regression approach, this study is able to capture temporal dynamics (between years) and individual heterogeneity (between companies) simultaneously, so that the results are more robust than the usual latitudinal data regression method.

This study specifically takes a sample of 43 industrial companies listed on the Indonesia Stock Exchange (IDX) during the period 2021-2024, which are the early years of economic recovery after the pandemic. With a panel model that includes the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), this study not only aims to identify the statistical relationship between financial variables and earnings, but also evaluate the most appropriate estimation model in the context of the characteristics of industrial companies in Indonesia. The purpose of this study is to analyze the effect of total assets, liabilities and equity on the profits of industrial companies in Indonesia after the COVID-19 pandemic by using the best panel data regression model (between CEM, FEM, and REM) in explaining the relationship between financial structure and profitability of industrial companies after the pandemic crisis.

2. LITERATURE REVIEW

In corporate finance, corporate profit performance is one of the main indicators in assessing the success of managerial strategies and operational efficiency of a company. Profit not only serves as a measure of short-term profitability, but also becomes the basis for calculating company valuation as well as a measure of business sustainability in the future. Agency theory proposed by Jensen and Meckling (1976) explains that managers (agents) have the responsibility to manage company resources in order to maximize profits and company value

for shareholders (principals). However, in practice, conflicts of interest can arise if the company's financial structure is not managed optimally, which in turn can affect profit performance.

Company assets are a representation of all economic resources controlled by the company to generate future income (Ardi & Murwaningsari, 2018). Based on production and efficiency theory, the greater the productive assets owned, the greater the company's capacity to create output and profit. Fixed assets such as machinery, buildings, and production equipment, if used efficiently, can be the main motor for improving financial performance. The Resource-Based View (RBV) theory emphasizes that competitive advantage can be gained from utilizing internal resources, including assets, in a unique and sustainable manner. Therefore, companies with large and productively managed assets tend to have higher profit potential than companies with limited assets.

Liabilities reflect the company's obligations to third parties, both in the form of short-term and long-term loans (Podolianchuk, et al., 2019). According to the capital structure theory developed by Mostafa & Boregowda (2014), the use of debt can be an efficient tool to finance investment if the cost of debt is cheaper than the cost of equity. However, in practice, excessive use of liabilities can increase financial risk, especially in unstable economic conditions such as post-pandemic. The Trade-Off Theory explains that companies should seek an optimal balance point between the tax benefits of debt and the bankruptcy costs that high liabilities may bring. In this context, liabilities can have a positive or negative impact on profits depending on the efficiency of their use.

Equity reflects the funds provided by the company's owners as a form of participation and ownership (Faller & Zu, 2018). Equity is usually considered a stable source of funding, but it has an implicit cost in the form of high return expectations from shareholders. Pecking order theory suggests that companies tend to use internal funding sources first (retained earnings), then debt, and finally equity due to information costs and potential dilution of ownership. In the post-pandemic situation, when market uncertainty is still high, funding decisions through equity can have a negative impact on earnings if they cause increased pressure on management to provide high returns, or if they are used to cover past losses rather than productive expansion.

Based on the theoretical framework above, it can be concluded that assets, liabilities and equity have an important and complex role in influencing corporate profits. However, the influence of each of these variables is highly dependent on the managerial context, financial strategy, and prevailing macroeconomic conditions. In the context of post-COVID-19 economic recovery, industrial firms face challenges in structuring finances that are able to drive profitability while maintaining operational sustainability. Therefore, empirical analysis is needed to examine the relationship between the three components of the financial structure and profit, especially using a panel data approach that allows simultaneous observation of inter-time and inter-firm dynamics.

3. METHODS

This study aims to analyze the effect of financial structure consisting of assets, liabilities, and equity on the profits of industrial companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period, which is the recovery period after the COVID-19 pandemic. This research is quantitative in nature using a panel data approach (Gujarati, 2021; Basuki & Prawoto, 2021), which combines time series data (2021-2024 period) and cross section data (43 industrial companies). This approach was chosen because it is able to overcome the problem of heterogeneity between company units and improve the efficiency of model estimation.

The data used is obtained from the annual financial statements of industrial companies available on the official IDX website and other secondary sources. The dependent variable in this study is profit, while the independent variables are assets (total assets), liabilities (total liabilities), and equity (total equity). All variables are expressed in rupiah units without log transformation, to remain in accordance with the original form of financial statements.

The basic econometric model used in this study is formulated as follows:

$$\text{PROFIT}_{it} = \alpha + \beta_1 \text{ASSETS}_{it} + \beta_2 \text{LIABILITIES}_{it} + \beta_3 \text{EQUITY}_{it} + \varepsilon_{it}$$

To obtain accurate parameter estimates, a series of panel model tests were conducted, starting with the estimation of three main models: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the best model is done through several statistical tests as follows:

1. Chow test is used to compare CEM and FEM. The test results show a p-value of 0.0000, which means that FEM is more appropriate than CEM.

2. The Hausman test is used to determine the choice between FEM and REM. The test results show a Chi-Square value of 11.5508 with a p-value of 0.0091. Since $p < 0.05$, FEM is more appropriate than REM.

3. Heteroscedasticity test using log residual squared regression shows that there are no symptoms of heteroscedasticity because all variables have probability values above 0.05, so the assumption of homoscedasticity is met.

Thus, based on the test results, the Fixed Effect model is chosen as the best model to estimate the effect of financial structure on corporate profits. This model is considered capable of capturing the special characteristics of each company that do not change over time but have a significant effect on the dependent variable. All analyses were conducted with the help of the latest version of EViews software using the Panel EGLS (Cross-section weights) method to correct possible problems of non-constant variance between cross-section units.

4. RESULTS AND DISCUSSION

Descriptive statistics on the financial data of 43 industrial companies show inequality of distribution and a very high level of variation in all variables. The average company profit was

recorded at IDR2.37 trillion, but the median value was only IDR19.3 billion, indicating that most companies generated relatively small profits, while only a handful of companies earned very large profits and pulled the mean value upwards. This indicates a positively skewed data distribution. This imbalance is also evident in the liabilities, assets and equity variables, all of which have means much larger than the median.

Table 1. Descriptive Statistics

	PROFIT	LIABILITIES	ASSETS	EQUITY
Mean	2.37E+12	6.77E+12	1.59E+13	9.16E+12
Median	1.93E+10	2.84E+11	1.00E+12	4.91E+11
Maximum	7.36E+13	2.01E+14	4.73E+14	2.71E+14
Minimum	-1.91E+11	3.91E+09	2.87E+10	-6.24E+11
Std. Dev.	1.07E+13	2.75E+13	6.51E+13	3.77E+13
Skewness	5.527285	5.553749	5.495458	5.442145
Kurtosis	33.76353	34.73205	33.91762	33.26744

Source: data processed, 2025

The maximum value of profit reached IDR73.6 trillion, indicating the presence of companies with a very large performance, while the worst performing companies experienced losses of up to IDR191 billion. On the financial structure side, there are companies with total liabilities reaching Rp201 trillion, while the minimum is only around Rp3.9 billion. The maximum value of assets of IDR473 trillion and equity of IDR271 trillion further emphasizes the size gap between companies. High standard deviations, such as IDR10.7 trillion for profit and IDR65.1 trillion for assets, indicate that there is a huge difference in scale between industrial companies in this sample, from medium-sized enterprises to large industrial conglomerates.

Furthermore, the skewness values for all variables are above 5, which makes it clear that the data is highly skewed to the right. The very high kurtosis (above 30) of all four variables indicates a leptokurtic distribution, which is a distribution with sharp peaks and long tails, reflecting the presence of extreme outliers. This means that while most companies have relatively low financial values, there are a number of companies with unusually high financial values, which distorts the perception of a normal distribution.

In an effort to understand the effect of financial structure on the profits of industrial companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period, estimation is carried out using three panel data model approaches, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The three models have different assumptions and characteristics, so a thorough evaluation is very important to choose the most suitable model that can accurately represent the relationship between variables.

1. Common Effect Model (CEM):

The CEM model, also known as Pooled Least Squares, assumes that all companies in the sample have homogeneous characteristics, both across time and between individuals (Choi & Jung, 2021). In the CEM estimation results, the ASSETS, LIABILITIES, and EQUITY variables all show a positive relationship with corporate profits, albeit with a low level of significance. The coefficient value for ASSETS is 0.0791 with a t-statistic of 0.9335, for LIABILITIES is 0.0987 (t-statistic 1.1712), and for EQUITY is 0.0368 (t-statistic 0.4242). This indicates that although the three variables have the direction of influence in line with theoretical expectations (positive), they are not statistically significant at the 5% significance level.

In addition, the R-squared value of 0.8853 and Adjusted R-squared of 0.8832 indicate that about 88% of the variation in earnings can be explained by the three independent variables. However, the Durbin-Watson value of 0.5292 indicates that there is a strong possibility of autocorrelation in the model, which indicates that the residuals of the model are not free from past influences, and this could be a weakness of the CEM model.

However, the main weakness of the CEM lies in its assumption that ignores differences in characteristics between firms. In the context of industry in Indonesia, especially after the COVID-19 pandemic, each company has different recovery strategies, varying cost structures, and inhomogeneous market segmentation. Thus, the use of the CEM model is inappropriate because it ignores individual heterogeneity in the panel data.

2. Fixed Effect Model (FEM):

The FEM model assumes that each firm has unique characteristics that are fixed over time, reflected in a specific intercept for each cross-section (McNeish & Kelley, 2019). FEM is able to capture unobservable effects that are fixed and may affect the dependent variable.

In the FEM estimation results, it can be seen that ASSETS have a significant positive effect on profit, with a coefficient of 0.9989 and a t-statistic of 4.1432. This indicates that an increase in assets can significantly increase the company's profit. In contrast, LIABILITY has a negative coefficient of -0.9007 with a t-statistic of -3.7397, and EQUITY is also negative at -0.7145 with a t-statistic of -2.9569. Both variables are statistically significant and indicate that an increase in liabilities or equity has the potential to decrease the company's profit.

Statistically, the FEM model shows very good performance. The R-squared value of 0.9923 and Adjusted R-squared of 0.9896 indicate that almost all variations in corporate profits can be explained by the model. This is reinforced by the Durbin-Watson value of 2.4359, which is close to 2 and indicates that the model is relatively free from autocorrelation problems.

Table 2. Panel Data Regression Results

Dependent Variable: PROFIT						
Method: Panel EGLS (Cross-section weights)						
Date: 06/18/25 Time: 04:24						
Sample: 2021 2024						
Periods included: 4						
Cross-sections included: 43						
Variable	Common Effect		Fixed Effect		Random effect	
	Coef.	t-Stat.	Coef.	t-Stat.	Coef.	t-Stat.
ASSETS	0.0791	0.9335	0.9989	4.1432	0.2771	0.2155
LIABILITIES	0.0987	1.1712	-0.9007	-3.7397	-0.0404	-0.0314
EQUITY	0.0368	0.4242	-0.7145	-2.9569	-0.1742	-0.1348
C	-7.30E+09	-6.9566	-7.49E+11	-3.9397	-6.29E+09	-0.0191
Weighted Statistics						
R-squared	0.8853		0.9923		0.8782	
Adjusted R-squared	0.8832		0.9896		0.8760	
F-statistic	432.0902		361.8778		403.6691	
Prob(F-statistic)	0.0000		0.0000		0.0000	
Durbin-Watson stat	0.5292		2.4359		1.5867	

Source: data processed, 2025

The FEM model also shows that there are different intercepts between firms, reflecting the reality that structural conditions, governance, and managerial strategies vary across firms. In the context of post-COVID-19 economic recovery, this result is highly relevant, as it provides evidence that firms' responses to the crisis are not uniform, and the FEM is able to capture these variations. Therefore, FEM is considered the most representative model to describe the dynamics of the relationship between financial structure and earnings in this case.

3. Random Effect Model (REM):

In contrast to FEM, the REM model assumes that differences between firms are random and uncorrelated with the independent variables in the model (Nguyen, et al., 2023). REM is generally chosen if the variation between cross-sections is not significant and can be generalized to a wider population. However, in the REM estimation results, the three independent variables did not show significant significance. The coefficients of ASSETS of 0.2771 (t-statistic 0.2155), LIABILITIES of -0.0404 (t-statistic -0.0314), and EQUITY of -0.1742 (t-statistic -0.1348) all have very low t-values and high p-values.

In addition, although the R-squared of 0.8782 is still quite high, it is not better than the FEM. The Durbin-Watson value of 1.5867 also still shows potential autocorrelation that needs to be watched out for. Overall, the REM model in this case does not provide better information than the FEM, and is unable to capture firm-specific differences.

Of the three models tested, the Fixed Effect Model (FEM) proved to be the most appropriate and statistically significant model in explaining the effect of financial structure on earnings of industrial companies on the IDX after COVID-19. FEM is able to capture unique firm fixed effects, showing that each company has internal dynamics that affect how assets, liabilities, and equity impact profits. In the unstable and uncertain economic situation after the pandemic, FEM is a superior methodological choice because it can control for invisible variables that are fixed across entities. Thus, the results of this study support the importance of careful financial structure management tailored to the characteristics of each company in order to increase profitability in a sustainable manner.

Based on the Chow test results (Bell & Jones, 2015) above, the F statistical value is 102.572 with degrees of freedom (42,126) and a probability value (p-value) of 0.0000. The probability value that is much smaller than the 5% significance level (even <1%) indicates that the null hypothesis (H_0), that the common effect model (CEM) is not good enough compared to the fixed effect model (FEM), is rejected.

Table 3. Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	102.572274	(42,126)	0.0000

Source: data processed, 2025

Thus, the results of this test provide very strong statistical evidence that there are significant differences between companies (cross-section) in the regression model analyzed. This means that the characteristics of each industrial company individually affect the relationship between the independent variables (assets, liabilities, and equity) and earnings, so they need to be included in the model through fixed effects. Therefore, the Fixed Effect model is more appropriate to use than the Common Effect model in explaining the profit performance of industrial companies during the post-COVID-19 period.

Based on the Hausman test results which show a Chi-square value of 11.55 with a probability of 0.0091, it can be concluded that there is a significant difference between the coefficient estimates in the Random Effect and Fixed Effect models. A p-value smaller than the 5% significance level indicates that the null hypothesis is rejected, so the Random Effect model is not suitable for use in this analysis. Thus, the Fixed Effect model was chosen as a more appropriate model because it is able to capture the specific characteristics of each industrial company that are not directly observed, but have an effect on the dependent variable, namely profit. This is particularly relevant in the post-COVID-19 context, where companies face different challenges and recovery strategies, so heterogeneity between companies needs to be included in the model. The use of the FEM model allows a more accurate analysis of the relationship between financial structure (assets, liabilities, and equity) and earnings performance, and avoids estimation bias that can occur when the random effect assumption is not met.

Table 4. Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.550839	3	0.0091

Source: data processed, 2025

Based on the results of the heteroscedasticity test using the Panel EGLS method (Mushtaq, et al., (2024) with the logarithm of squared residuals ($\text{LOG}(\text{RESIDUAL}^2)$) approach, the probability value (p-value) for the three independent variables-i.e., assets, liabilities, and equity-are 0.6840; 0.6492; and 0.6839, respectively. All of these p-values are well above the 5% significance level, which means that there is no significant relationship between the independent variables and the magnitude of the squared residuals. In other words, this panel data regression model does not experience heteroscedasticity problems.

Heteroscedasticity is a condition when the variance of the error term is not constant across observations, which can interfere with the efficiency of estimating regression coefficients. However, since the test results show that the variables in the model do not significantly affect the variance of the errors, the assumption of homoskedasticity (constant error variance) is met. This is important because the presence of homoscedasticity ensures that the estimation method used (in this case Panel EGLS) produces efficient coefficients and valid statistical tests.

Table 5. Heteroscedasticity Test

Dependent Variable: $\text{LOG}(\text{RESIDUAL}^2)$				
Method: Panel EGLS (Cross-section weights)				
Date: 06/18/25 Time: 05:14				
Sample: 2021 2024				
Linear estimation after one-step weighting matrix				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ASSETS	1.16E-13	2.85E-13	0.407945	0.6840
LIABILITIES	-1.29E-13	2.83E-13	-0.456025	0.6492
EQUITY	-1.17E-13	2.88E-13	-0.408089	0.6839
C	47.71856	0.084545	564.4166	0.0000

Source: data processed, 2025

Thus, it can be concluded that the panel regression model used in this study statistically does not show any symptoms of heteroscedasticity. This supports the validity of the estimation results of the effect of assets, liabilities, and equity on the profits of industrial companies on the IDX for the 2021-2024 period, especially in the context of economic recovery after the COVID-19 pandemic.

Based on the estimation results using the Fixed Effect Model (FEM), it is found that the ASSET variable has a positive and significant influence on the profits of industrial companies listed on the IDX during the 2021-2024 period. The regression coefficient for ASSET is 0.9989 with a t-statistic of 4.1432, which means that every increase in the company's assets by one rupiah unit will increase the company's profit by almost one rupiah. The t-statistic value that is well above 2 indicates that the effect is statistically significant at the 95% confidence level. This result is theoretically consistent with the resource-based view, which states that the greater the

assets owned by the company, the greater its capacity to generate revenue and profit. Assets, especially fixed assets such as machinery, buildings, and production equipment, are key production factors that determine output volume and production efficiency. In the context of post-COVID-19 recovery, companies with a strong asset base tend to be more resilient and able to accelerate operational recovery, as well as adapt to market changes. Therefore, assets not only act as economic capital, but also a source of strategic advantage in increasing profits, especially in industrial sectors that require large economies of scale and process efficiency.

In contrast, the LIABILITY variable shows quite interesting results, which has a negative and significant effect on corporate profits with a regression coefficient of -0.9007 and a t-statistic of -3.7397. This means that an increase in liabilities (short-term and long-term debt) will significantly reduce the company's profit. This finding is generally in line with the precautionary principle in capital structure theory, especially in the context of trade-off theory which states that excessive use of debt can increase financial risk and interest expense, which ultimately reduces profitability. Industrial companies generally require large amounts of capital for operations and investments, but if financing is overly dependent on debt, interest expenses and default risks increase, especially in an economy that has not fully stabilized after the pandemic. In this case, it can be concluded that liabilities that are not accompanied by good financial management will suppress profit margins. This result also shows that in crisis and post-crisis periods such as 2021-2024, high leverage is not always an effective financing instrument, because markets and liquidity are still volatile, so the cost of debt is actually a burden for companies.

Furthermore, the EQUITY variable also shows a negative and significant effect on earnings with a coefficient value of -0.7145 and a t-statistic of -2.9569. Theoretically, this result is quite different from the general expectation that equity is a safer source of financing than debt. However, in the context of industrial companies in post-pandemic Indonesia, this phenomenon can be explained by several arguments. First, an increase in equity does not always reflect active capitalization for expansion or efficiency improvement. Equity often increases due to capital injections from shareholders or accumulated retained earnings, but if it is not managed productively or only used to cover past losses, then its contribution to profits will be small, even negative. Secondly, a capital structure that is too conservative with the dominance of equity can reflect the low efficiency of capital and the lack of aggressiveness of the company in utilizing business opportunities. This is in line with the view of pecking order theory, which states that companies tend to use internal financing first (retained earnings), and only use equity when other options are not available. An increase in equity without operational efficiency will negatively impact profitability. In addition, in a situation of economic recovery, industrial companies that are too cautious in using equity capital may lose market momentum, resulting in a decline in profit performance.

The findings of these three variables indicate that balance in financial structure is very important for industrial firms, especially in periods of economic recovery such as after the COVID-19 pandemic. ASSETS proved to be the main support for profit creation, which implies

that investment in productive assets should be a priority in the financial strategy. However, the financing strategy used to support asset growth must also be carefully considered. An unbalanced combination of debt and equity-especially if used unproductively-can be an impediment to profit growth. Therefore, company management needs to conduct periodic evaluations of its capital structure, in order to optimize the use of assets through efficient and measurable financing. In practice, companies must be able to combine operational efficiency strategies with strict financial governance, so that every rupiah invested in assets or obtained from financing sources can make a positive contribution to profitability. In terms of investors and stakeholders, these results signal that industrial companies with good asset management and healthy financing structures have greater profit potential and are worthy of investment choices in a period of economic recovery.

5. CONCLUSION AND LIMITATION

This study aims to analyze the effect of financial variables in the form of assets, liabilities, and equity on the profits of industrial companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period, namely after the COVID-19 pandemic. Using a panel data approach and three estimation models (CEM, FEM, and REM), the Chow and Hausman test results show that the Fixed Effect Model (FEM) is the best model. Based on the model, it is known that assets have a positive and significant effect on profit, which indicates that ownership of productive assets is still the main determinant in increasing the profitability of industrial companies. In contrast, liabilities and equity have a negative and significant effect on profit, indicating that the financing structure, both in the form of debt and equity, must be managed carefully, because it has the potential to reduce profitability if not used optimally. Overall, these findings suggest that in the post-pandemic economic recovery period, industrial companies need to emphasize asset management efficiency and prudence in the financing structure.

Based on these findings, it is recommended that industrial companies focus more on efficient asset management, such as maximizing fixed asset utilization, increasing production capacity, and adopting technology that can increase the added value of assets. In addition, management needs to review the structure of debt and equity sources to ensure that financing does not overburden the company's finances. The financing strategy should consider market conditions, interest risk, and the company's long-term goals. For investors and capital market analysts, these results can be used as a consideration in assessing the performance and prospects of industrial companies, especially by paying attention to the proportion of assets to total capital and the burden of liabilities and equity. As for regulators and policy makers, these results support the importance of regulations that encourage efficient use of capital and strengthen corporate financial governance during economic recovery.

This study has several limitations that need to be considered. First, the research period is limited to 2021 to 2024, which is a period of economic recovery after the pandemic, so the results may not be generalizable to normal conditions or other crises. Second, the model only includes three independent variables (assets, liabilities, and equity) that are quantitative in nature, whereas earnings performance can also be influenced by non-financial factors such as

management quality, innovation, operational efficiency, or external factors such as fiscal policy and global market conditions. Third, the quantitative approach cannot fully capture the dynamics of a very diverse industrial sector. Therefore, future research is recommended to expand the scope of variables, extend the observation period, and consider a qualitative or mixed methods approach to gain a more comprehensive understanding of the factors that influence the profit performance of industrial companies in Indonesia.

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