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The Effect of Liquidity, Capital Structure, and Operational Risk on the Financial Performance of Food and Beverage Companies, 2022–2025

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Abstract

Financial performance in food and beverage companies depends partly on how firms manage liquidity, financing structures, and operational activities. However, inconsistent findings concerning these relationships indicate the need for recent sector-specific evidence. This study examines the effects of liquidity, capital structure, and operational risk on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during 2022–2025. A quantitative causal-comparative design was employed. Fifteen companies were selected through purposive sampling, generating 60 firm-year observations. Secondary data obtained from corporate financial statements were analyzed using multiple linear regression, t-tests, an F-test, and the coefficient of determination. The findings indicate that liquidity has a positive and significant effect on financial performance ($p < .001$), whereas capital structure has no significant effect ($p = .473$). Operational risk has a positive and significant effect on financial performance ($p = .028$). Collectively, the three variables significantly affect financial performance, with an adjusted R^2 of .420, indicating that the model explains 42.0% of the observed variation. These findings demonstrate that liquidity and operational risk are significant determinants of financial performance within the examined companies, while capital structure does not independently explain performance during the study period. The study contributes recent empirical evidence regarding firm-level financial performance

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in Indonesia's food and beverage sector. Practically, managers should balance liquidity management, financing decisions, and operational control when formulating strategies to strengthen financial outcomes.

Keywords: Capital Structure; Financial Performance; Food and Beverage Companies; Liquidity; Operational Risk

INTRODUCTION

The food and beverage industry occupies an important position in economic activity because its products are closely connected with everyday consumption and its business processes involve extensive production, procurement, marketing, and distribution networks. The sector nevertheless operates in an increasingly demanding environment. Global commodity-price pressures, food-price inflation, supply-chain disruptions, and changes in production costs have created additional challenges for firms seeking to maintain profitability and financial stability. The World Bank (2022) documented substantial pressure on global agricultural and food commodity prices during the period surrounding 2022, illustrating the external cost uncertainty faced by food-related businesses. A similar concern is relevant to Indonesia, where the food industry continues to make a substantial contribution to manufacturing activity and remains one of the important contributors to the growth of micro and small manufacturing production (Badan Pusat Statistik, 2025). Financial resilience is therefore increasingly important for food and beverage companies as they seek to sustain operations while responding to changing market and cost conditions.

Financial performance reflects a company's ability to convert the resources under its control into economically meaningful outcomes. Strong financial performance indicates not only the capacity to generate profit but also the effectiveness with which management allocates assets, controls costs, and maintains the continuity of business activities (Fahmi, 2023; Hery, 2021; Kasmir, 2022). Return on Assets (ROA) is particularly useful for evaluating this dimension because it relates net income to the total assets employed in business operations. A higher ROA generally indicates that corporate assets are being used more productively to generate earnings. Evidence from Indonesian food and beverage companies also shows that financial performance may vary considerably across firms and periods, reflecting differences in their capacity to create economic value and manage available resources (Yanto & Astawa, 2024).

Liquidity represents one of the financial conditions that may shape a company's ability to maintain its performance. Adequate liquidity allows a firm to meet short-term obligations, finance routine activities, and reduce the possibility that operational decisions will be constrained by immediate cash needs (Hanafi, 2021; Kasmir, 2022). The Current Ratio (CR), which compares current assets with current liabilities, is commonly used to represent this ability. A sufficient CR may provide financial flexibility, yet an excessively high ratio does not automatically indicate superior performance because a substantial amount of funds may remain tied up in relatively unproductive current assets. Empirical evidence supports this non-linear practical concern. Putri & Syahzuni (2024) reported a positive relationship between liquidity and financial performance among Indonesian food and beverage companies, whereas Gunawan et al. (2022) found that liquidity did not significantly influence the financial performance of manufacturing firms. More recent evidence from food and beverage companies similarly suggests that CR does not always have a significant association with ROA (Meutya & Suriono, 2026).

Capital structure constitutes another managerial consideration closely associated with corporate financial outcomes. The proportion of debt relative to equity determines both the availability of external financing and the financial commitments borne by the company. Pecking Order Theory explains that firms tend to prefer internally generated funds, followed by debt, and eventually external equity when internal resources are insufficient, partly because managers and external investors do not possess equal information about the firm's prospects (Myers & Majluf, 1984). Debt financing may support investment and expansion when it is employed productively, but excessive reliance on debt can increase interest obligations and financial exposure. The Debt to Equity Ratio (DER) is therefore relevant for assessing how financing choices are related to corporate performance. Endiramurti et al. (2022) found that capital structure had a negative effect on ROA and ROE among construction-sector state-owned enterprises, while Noviastuti et al. (2022) also reported evidence that the relationship between capital structure and firm performance was not consistently positive. These findings underline that additional leverage cannot be assumed to improve profitability under all business conditions.

Operational conditions may also influence the ability of a firm to transform revenues into profit. Operational risk broadly arises from weaknesses or failures in internal processes, people, systems, or external events that interfere with normal business activities. The present study operationalizes this dimension using the ratio of Operating Expenses to Operating

Income (BOPO), which reflects the proportion of operating income absorbed by operating expenses. A higher BOPO indicates that a larger share of operating revenue is required to cover operational costs, thereby suggesting weaker operating efficiency and potentially greater pressure on profitability. Evidence from Indonesian manufacturing firms indicates that BOPO can be examined in relation to financial performance, although its empirical effect is not always statistically significant (Ilmiha et al., 2024). Research covering manufacturing companies has also shown that operational risk may be negatively associated with financial performance Gunawan et al. (2022), while evidence from the Indonesian non-cyclical consumer industry indicates that the financial consequences of operational risk remain dependent on company and sector characteristics (Wijayanty et al., 2024).

Previous empirical studies reveal no single pattern regarding the relationships among liquidity, capital structure, operational conditions, and financial performance. Putri & Syahzuni (2024) found that liquidity positively affected financial performance, whereas capital structure had a negative effect. Gunawan et al. (2022) reported a different configuration: liquidity had no significant effect, capital structure had a positive and significant effect, and operational risk showed a negative but insignificant relationship with financial performance. Endiramurti et al. (2022) documented a negative effect of capital structure on performance, while Meutya & Suriono (2026), focusing specifically on food and beverage firms listed on the Indonesia Stock Exchange, found that DER was positively and significantly associated with ROA but CR was not. Lingga & Sudjiman (2026) reached another conclusion, reporting that both DER and CR had statistically insignificant effects on profitability. These contrasting results indicate that the financial implications of liquidity and financing decisions remain sensitive to sample characteristics, observation periods, industry structure, and corporate conditions.

Recent studies of Indonesian consumer and food-related companies further reinforce the need for updated evidence. Yanto & Astawa (2024) documented variations in the economic value created by food and beverage companies during 2019–2022, indicating that companies within the same sector did not experience identical financial outcomes. Meyana & Wahyudi (2026), examining PT Unilever Indonesia Tbk and PT Indofood Sukses Makmur Tbk during 2020–2024, found that the effects of capital structure and liquidity differed according to the financial performance indicator employed, with liquidity showing no significant influence in their model. Research using food and beverage companies for 2021–2024 also reported that liquidity did not significantly explain ROA while capital

structure showed a significant association with profitability (Meutya & Suriono, 2026). Evidence outside the food and beverage subsector has likewise demonstrated a positive relationship between liquidity and financial performance, suggesting that sectoral and temporal characteristics may contribute to the differing empirical results (Hasnarika et al., 2026).

The financial data underlying the present study also provide an empirical reason for reconsidering these relationships during 2022–2025. The average ROA changed from 8.35 in 2022 to 7.21 in 2023 before increasing to 8.41 in 2024 and 8.51 in 2025. Over the same period, CR moved from 2.47 to 3.54, 3.57, and 3.26, while DER changed from 5.66 to 4.44, 4.95, and 6.11. BOPO also fluctuated from 18.25 in 2022 to 17.00 in 2023, followed by 17.70 in 2024 and 17.99 in 2025. These movements show that changes in liquidity, leverage, and operational cost conditions were not consistently accompanied by ROA movements in the same direction. The research gap therefore lies not merely in retesting established financial ratios, but in examining them jointly within food and beverage companies over a more recent 2022–2025 observation period. Earlier studies either examined broader manufacturing populations, ended their observation periods before 2025, or focused on liquidity and capital structure without simultaneously incorporating the operational dimension represented by BOPO (Gunawan et al., 2022; Hasnarika et al., 2026; Ilmiha et al., 2024; Lingga & Sudjiman, 2026).

The present study consequently focuses on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during 2022–2025 by positioning ROA as the measure of financial performance, CR as the proxy for liquidity, DER as the proxy for capital structure, and BOPO as the operational-risk indicator adopted in the research model. The study seeks to determine whether liquidity, capital structure, and operational risk influence financial performance individually and collectively. By extending the observation period through 2025 and examining the three explanatory dimensions within a single model, the study is expected to provide more recent empirical evidence on how short-term financial capacity, financing choices, and operational cost conditions are associated with the profitability of Indonesian food and beverage companies.

METHODS

This study employed a quantitative approach with a causal-comparative research design to examine the effects of liquidity, capital structure, and operational risk on the financial performance of food and beverage companies. A quantitative approach was considered appropriate because the variables were expressed in numerical form and the relationships among them were examined statistically. Sugiyono (2021) explains that quantitative research is appropriate for examining relationships among measurable variables and testing predetermined hypotheses through statistical procedures. The causal-comparative design was used to assess whether variations in the independent variables were associated with differences in corporate financial performance without manipulating the observed conditions. The study relied on archival financial information reported by companies, allowing the relationships among financial ratios to be evaluated on the basis of actual corporate data rather than perceptual measures.

The population consisted of food and beverage companies listed on the Indonesia Stock Exchange during the 2022–2025 period. The sample was selected using purposive sampling, a technique in which research units are chosen according to criteria that are directly related to the objectives of the study (Sugiyono, 2021). Companies were included when they were continuously listed during the observation period, published consecutive financial statements, did not report losses during the study period, and provided complete information required to calculate all research variables. Application of these criteria resulted in a final sample of 15 companies, producing 60 firm-year observations over four years. The study used secondary data derived from the companies' published financial statements. Financial performance was measured using Return on Assets (ROA), calculated as net income after tax divided by total assets and multiplied by 100%. Liquidity was represented by the Current Ratio (CR), calculated as current assets divided by current liabilities. Capital structure was proxied by the Debt to Equity Ratio (DER), calculated as total liabilities divided by total equity, while operational risk was represented by the ratio of operating expenses to operating income (BOPO).

The data were analyzed using descriptive and inferential statistical procedures. Descriptive statistics were first used to summarize the distribution and characteristics of each variable. Multiple linear regression analysis was subsequently performed to estimate the effects of CR, DER, and BOPO on ROA. Prior to hypothesis testing, the regression model

was evaluated through classical assumption tests covering normality, multicollinearity, heteroscedasticity, and autocorrelation, following the procedures commonly applied in multiple regression analysis (Ghozali, 2021). The coefficient of determination was used to assess the proportion of variation in financial performance explained by the independent variables. The *t*-test was employed to examine the partial effect of each independent variable, whereas the *F*-test was used to evaluate their simultaneous effect on financial performance. The regression model was specified as $\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$, where *Y* represents financial performance (ROA), X_1 represents liquidity (CR), X_2 represents capital structure (DER), X_3 represents operational risk (BOPO), *a* is the constant, β_1–β_3 are the regression coefficients, and ε represents the error term.

RESULTS

1. Descriptive Statistical Results

Descriptive statistics were used to provide an initial overview of the distribution and characteristics of the 60 firm-year observations included in the analysis. The descriptive results for financial performance (ROA), liquidity (CR), capital structure (DER), and operational risk (BOPO) are presented in **Table 1**.

Table 1. Descriptive Statistics of Research Variables

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ROA	60	0.03	19.44	8.1193	4.96352
CR	60	0.60	10.88	3.2058	2.32235
DER	60	0.09	82.90	5.2894	17.69279
BOPO	60	-2.80	54.50	17.7105	14.78101

As shown in **Table 1**, ROA had an average value of 8.1193, ranging from 0.03 to 19.44, with a standard deviation of 4.96352. These values indicate considerable variation in the ability of the sampled companies to generate profits from their assets during the 2022–2025 observation period. The Current Ratio recorded a mean of 3.2058, with values ranging from 0.60 to 10.88 and a standard deviation of 2.32235. The variation suggests that short-term financial capacity differed substantially across the observed companies.

Capital structure, represented by DER, had a mean value of 5.2894, a minimum of 0.09, and a maximum of 82.90. Its relatively high standard deviation of 17.69279 indicates considerable dispersion among the sampled firms in their reliance on debt relative to equity. BOPO had an average value of 17.7105 and ranged from -2.80 to 54.50, with a standard deviation of 14.78101. Overall, the descriptive findings show that the four variables varied

meaningfully across companies and observation years, providing sufficient empirical variation for subsequent regression analysis.

2. Classical Assumption Test Results

The multiple regression model was examined through normality, multicollinearity, heteroscedasticity, and autocorrelation tests before hypothesis testing was conducted. A summary of these diagnostic tests is provided in **Table 2**.

Table 2. Results of Classical Assumption Tests

Test	Indicator	Result	Decision
Normality	Kolmogorov–Smirnov Asymp. Sig.	0.660	Residuals were normally distributed
Multicollinearity	Tolerance	> 0.10	No multicollinearity
Multicollinearity	VIF	< 10	No multicollinearity
Heteroscedasticity – CR	Sig.	0.103	No heteroscedasticity
Heteroscedasticity – DER	Sig.	0.432	No heteroscedasticity
Heteroscedasticity – BOPO	Sig.	0.193	No heteroscedasticity
Autocorrelation	Durbin–Watson	1.681	No indication of autocorrelation

Table 2 shows that the Kolmogorov–Smirnov normality test produced an Asymp. Sig. value of 0.660, which exceeded the 0.05 significance level. The regression residuals were therefore considered normally distributed. The multicollinearity assessment showed that all independent variables had tolerance values above 0.10 and Variance Inflation Factor (VIF) values below 10, indicating that no problematic linear relationship existed among CR, DER, and BOPO.

The heteroscedasticity test yielded significance values of 0.103 for CR, 0.432 for DER, and 0.193 for BOPO. All values were greater than 0.05, indicating that the regression model did not exhibit evidence of heteroscedasticity based on the criterion applied in the study. The Durbin–Watson statistic was 1.681 and was interpreted according to the criteria used in the original analysis as showing no indication of autocorrelation. Collectively, these diagnostic results indicated that the regression model satisfied the classical assumptions applied in this study and could therefore be used for subsequent hypothesis testing.

3. Multiple Linear Regression Results

Multiple linear regression analysis was performed to estimate the individual effects of liquidity, capital structure, and operational risk on financial performance. The regression coefficients and corresponding statistical tests are presented in **Table 3**.

Table 3. Multiple Linear Regression and Partial Hypothesis Testing

Variable	B	t	p-Value	Result
Constant	1.845	1.521	0.134	—
CR	1.485	6.705	< 0.001	Positive and significant
DER	0.021	0.722	0.473	Not significant
BOPO	0.079	2.250	0.028	Positive and significant

Based on the coefficients reported in **Table 3**, the estimated regression equation was expressed as follows:

$$\mathbf{ROA = 1.845 + 1.485CR + 0.021DER + 0.079BOPO + \varepsilon \quad (1)}$$

Equation (1) shows that the regression constant was 1.845. This value represents the estimated level of ROA when CR, DER, and BOPO are held constant at zero within the statistical model. The CR coefficient was 1.485, indicating a positive relationship between liquidity and financial performance. Holding the other independent variables constant, a one-unit increase in CR was associated with an estimated 1.485-unit increase in ROA. The effect was statistically significant, as indicated by a *t*-value of 6.705 and a *p*-value below 0.001. The result therefore supported the hypothesis that liquidity significantly affects financial performance.

DER produced a regression coefficient of 0.021 and a *t*-value of 0.722, with a *p*-value of 0.473. Although the estimated coefficient was positive, the probability value exceeded the 0.05 significance threshold. Capital structure therefore did not have a statistically significant partial effect on financial performance during the observation period. The hypothesis proposing a significant effect of capital structure on financial performance was consequently not supported by the empirical results.

BOPO had a regression coefficient of 0.079, with a *t*-value of 2.250 and a *p*-value of 0.028. The coefficient indicates a positive statistical association between BOPO and ROA in the estimated model. Since the probability value was below 0.05, the partial effect was statistically significant. The empirical evidence therefore supported the hypothesis that the operational-risk variable, as represented by BOPO in this study, significantly influenced financial performance.

4. Coefficient of Determination and Simultaneous Test

The explanatory capacity of the regression model and the simultaneous effect of the three independent variables were evaluated using the coefficient of determination and the *F*-test. The results are summarized in **Table 4**.

Table 4. Model Summary and Simultaneous Test

Indicator	Value
R Square	0.450
Adjusted R Square	0.420
F-Statistic	15.264
p-Value	< 0.001

As presented in **Table 4**, the regression model produced an R Square value of 0.450 and an Adjusted R Square value of 0.420. The adjusted coefficient of determination indicates that liquidity, capital structure, and operational risk collectively explained approximately 42.0% of the variation in financial performance among the observed food and beverage companies. The remaining 58.0% of the variation was associated with other factors not incorporated into the regression model.

The simultaneous test produced an *F*-statistic of 15.264 with a *p*-value below 0.001. The probability value was substantially lower than the 0.05 significance threshold, indicating that CR, DER, and BOPO jointly had a statistically significant effect on ROA. The simultaneous hypothesis was therefore supported. Taken together, the regression results demonstrate that the model was statistically significant, although the contribution of each explanatory variable differed. Liquidity and BOPO showed significant partial relationships with financial performance, whereas capital structure did not demonstrate a statistically significant partial effect during the 2022–2025 observation period.

DISCUSSION

1. The Effect of Liquidity on Financial Performance

The findings show that liquidity, as measured by the Current Ratio (CR), has a positive and statistically significant effect on financial performance measured by Return on Assets (ROA) ($B = 1.485$, $t = 6.705$, $p < .001$). This result indicates that companies with stronger short-term financial capacity tended to report better profitability during the 2022–2025 observation period. An adequate level of current assets relative to current liabilities may provide companies with greater flexibility to meet short-term obligations, maintain the

continuity of production and distribution activities, and reduce disruptions arising from insufficient working capital. In the food and beverage industry, where business continuity depends on regular purchases of raw materials, inventory management, production, and distribution, sufficient liquidity can help companies sustain operational activities and support their ability to generate earnings from available assets.

The positive relationship between CR and ROA is consistent with the findings of Putri & Syahzuni (2024), who reported that liquidity positively affected the financial performance of food and beverage companies listed on the Indonesia Stock Exchange. Their evidence suggests that the ability to maintain short-term financial capacity can contribute to stronger financial outcomes when liquid resources are managed productively. This finding is nevertheless different from Gunawan et al. (2022), who found that liquidity had no significant effect on the financial performance of Indonesian manufacturing companies. The difference may reflect variations in industrial characteristics, observation periods, sample composition, and companies' approaches to managing current assets. The present result therefore suggests that liquidity should not merely be understood as the accumulation of current assets, but as the ability to maintain sufficient short-term resources while ensuring that those resources continue to contribute to productive business activities.

2. The Effect of Capital Structure on Financial Performance

Capital structure, represented by the Debt to Equity Ratio (DER), showed a positive coefficient but did not have a statistically significant effect on financial performance (B = 0.021, t = 0.722, p = .473). The finding indicates that differences in the proportion of debt relative to equity did not systematically correspond with differences in ROA among the sampled food and beverage companies. Debt can provide additional resources for investment, production capacity, and business expansion, but its contribution to profitability ultimately depends on how effectively the borrowed funds are employed. Additional debt therefore does not necessarily translate into higher returns on assets when financing costs, repayment obligations, and the productivity of financed assets vary substantially among companies.

The result offers an interesting perspective when viewed through Pecking Order Theory. Myers and Majluf (1984) argue that firms generally prefer internally generated funds before relying on debt and external equity because of information asymmetry and financing

considerations. The insignificant relationship observed in this study suggests that the amount of debt relative to equity alone may not adequately explain financial performance. A company with relatively high leverage may still achieve satisfactory profitability when borrowed resources are allocated efficiently, whereas a firm with lower leverage is not automatically more profitable when its assets are used less productively. Considerable variation in DER within the sample may also be relevant, given its range from 0.09 to 82.90 and standard deviation of 17.69279. Such dispersion indicates markedly different financing structures across the sampled companies and may contribute to a less uniform relationship between leverage and profitability.

Empirical evidence from previous studies also shows that the relationship between capital structure and financial performance remains unsettled. Gunawan et al. (2022) found a positive and significant effect of capital structure on financial performance among manufacturing companies, which differs from the insignificant effect observed in the present study. Endiramurti et al. (2022), examining state-owned construction companies, reported that capital structure was associated with financial performance within a different industrial and financial environment. Putri & Syahzuni (2024), meanwhile, found a negative effect of capital structure on the financial performance of food and beverage companies. These contrasting findings reinforce the view that the financial consequences of leverage depend on the sector, financing strategy, cost of debt, company characteristics, and the period being observed. The present evidence therefore does not support the assumption that increasing DER will necessarily improve or reduce ROA; rather, the way financing resources are managed appears to be more consequential than the debt-equity composition itself.

3. The Effect of Operational Risk on Financial Performance

Operational risk, represented in this study by BOPO, had a positive and statistically significant relationship with financial performance ($B = 0.079$, $t = 2.250$, $p = .028$). Statistically, the result indicates that increases in BOPO were associated with increases in ROA within the observed sample after CR and DER were held constant. This relationship should be interpreted cautiously. BOPO represents the proportion of operating expenses relative to operating income, meaning that an increase in the ratio may reflect changes in operating costs, operating revenues, or both. A higher operating expenditure level may occur when companies expand production, strengthen distribution networks, increase marketing activity, or undertake other operating activities that simultaneously contribute to higher

revenues and profits. The positive coefficient found in this study therefore does not necessarily mean that greater operational inefficiency improves profitability; rather, it demonstrates a positive statistical relationship within the specific financial structure and observation period examined.

The finding differs from much of the evidence reported in studies using BOPO as an operational-risk or operational-efficiency indicator. Gunawan et al. (2022), for example, found a negative but statistically insignificant relationship between operational risk and financial performance among Indonesian manufacturing companies. More recent studies in the banking context have reported that higher BOPO tends to reduce ROA, indicating that rising operating costs relative to operating income may weaken profitability (Rahmatillah et al., 2025) . Such comparisons must be treated carefully because BOPO is particularly common in banking research, whereas the present study examines food and beverage companies whose operating structures, cost patterns, revenue-generating activities, and business cycles differ considerably from those of financial institutions. The different direction observed in this study may therefore reflect sector-specific operating characteristics rather than a general proposition that higher operating expenses improve financial performance.

The positive BOPO coefficient also highlights an important measurement consideration. Operational risk encompasses failures in internal processes, human resources, systems, and external events, while BOPO primarily captures the relationship between operating costs and operating income. The ratio may consequently reflect operational efficiency more directly than the broader multidimensional concept of operational risk. The present findings should therefore be interpreted within the operational definition adopted in the study. This distinction is particularly important when comparing the results with studies in other sectors. Future research could strengthen the measurement of operational risk by incorporating indicators that more directly capture operational disruptions, cost volatility, process failures, or other observable dimensions relevant to manufacturing and food and beverage businesses.

4. Simultaneous Effect of Liquidity, Capital Structure, and Operational Risk on Financial Performance

The simultaneous test demonstrates that liquidity, capital structure, and operational risk collectively have a statistically significant effect on financial performance ($F = 15.264$, p

< .001). The Adjusted R Square of 0.420 indicates that the three explanatory variables account for approximately 42.0% of the variation in ROA, while the remaining 58.0% is associated with factors outside the model. The result shows that financial performance cannot be understood solely from one financial ratio. Short-term financial capacity, financing decisions, and operating conditions interact within the broader process through which companies allocate resources and generate profit. The significant model also indicates that these dimensions remain relevant when evaluated together, even though DER does not show a significant partial effect.

The simultaneous result has practical implications for managers of food and beverage companies. Maintaining financial performance requires a balance between sufficient liquidity, prudent financing decisions, and disciplined management of operational activities. The strong partial contribution of liquidity suggests that working-capital management deserves particular attention, especially in a sector that requires continuous expenditure on raw materials, inventory, production, logistics, and distribution. The insignificant DER result indicates that management should avoid evaluating financial health solely from the amount of debt employed. Attention should instead be directed toward the productivity of financed assets and the capacity of investments to generate returns above their financing costs. The BOPO result also calls for closer examination of operating expenditures to distinguish productive spending that supports revenue generation from inefficient costs that may erode profitability.

5. Theoretical and Practical Implications

The findings contribute to the literature by showing that the three financial dimensions do not affect profitability in the same manner. Liquidity emerged as the variable with the clearest positive relationship with ROA, while capital structure did not independently explain variations in financial performance. The results also provide contextual evidence that the relationship between BOPO and ROA among food and beverage firms may differ from patterns commonly documented in banking research. From the perspective of Pecking Order Theory, the insignificant DER finding reinforces the argument that financing composition cannot be separated from companies' internal financial conditions and the efficiency with which financing resources are employed. The study consequently extends the discussion beyond whether firms use more or less debt toward the economic effectiveness of their financing choices.

Practical implications arise from the need for managers to view financial ratios as interconnected managerial signals rather than isolated numerical targets. A high Current Ratio is beneficial when current assets remain productive, while excessive liquidity may still represent idle resources. Debt can support growth when financing is directed toward productive assets, yet additional leverage does not guarantee improvements in ROA. Operating expenses similarly need to be evaluated according to the economic activities they support rather than reduced indiscriminately. Financial decision-making in food and beverage companies should therefore focus on the quality of resource allocation and the relationship between resources employed, operating activities, and the earnings ultimately generated.

The findings should be considered in light of several limitations. The study was restricted to 15 food and beverage companies listed on the Indonesia Stock Exchange and covered four years from 2022 to 2025, producing 60 firm-year observations. The relatively limited number of observations may restrict the extent to which the findings represent companies outside the sample or other industrial sectors. Financial performance was measured only by ROA, while other indicators such as ROE, Net Profit Margin, or market-based measures may capture different dimensions of corporate performance. The model explained 42.0% of the variation in ROA, indicating that substantial variation remains attributable to factors not included in the analysis, such as firm size, sales growth, asset turnover, corporate governance, macroeconomic conditions, and other company-specific characteristics.

The use of BOPO as a proxy for operational risk constitutes an additional limitation. BOPO primarily represents the relationship between operating expenses and operating income and may not capture the full range of operational risks faced by food and beverage companies. The considerable dispersion observed in DER and BOPO also suggests substantial heterogeneity among the sampled firms. Future studies may extend the observation period, increase the number of companies, employ panel-data models that explicitly account for differences across firms and years, incorporate additional determinants of financial performance, and consider operational-risk measures that are more closely aligned with the operating characteristics of manufacturing and food and beverage businesses. Such extensions would provide a more comprehensive understanding of how financial and operational decisions shape corporate profitability.

CONCLUSION

Based on the research findings and discussion, this study concludes that liquidity, capital structure, and operational risk show different relationships with the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during the 2022–2025 period. Liquidity, as measured by the Current Ratio, has a positive and statistically significant effect on financial performance, indicating that stronger short-term financial capacity is associated with higher Return on Assets. Capital structure, represented by the Debt to Equity Ratio, does not have a statistically significant effect on financial performance, suggesting that the proportion of debt relative to equity alone does not determine the profitability of the sampled companies. Operational risk, proxied by BOPO, shows a positive and statistically significant relationship with financial performance within the estimated model. Liquidity, capital structure, and operational risk also have a significant simultaneous effect on financial performance, confirming that corporate profitability is shaped by a combination of short-term financial capacity, financing structure, and operational conditions.

The findings highlight the importance of maintaining an appropriate level of liquidity, managing debt and equity in a balanced manner, and controlling operating activities so that financial resources are used efficiently. Companies should ensure that current assets remain sufficient to meet short-term obligations without creating excessive idle resources, while financing decisions should consider both the cost and productive use of borrowed funds. The positive BOPO coefficient should be interpreted carefully because it reflects the statistical relationship found in this sample and does not imply that higher operating costs necessarily improve profitability. Future research is encouraged to incorporate additional variables, such as firm size, inflation, interest rates, or other external factors, and to expand the sample across different sectors and longer observation periods. The use of alternative indicators that more directly represent operational risk may also provide a broader and more precise understanding of the determinants of corporate financial performance.

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