

ABSTRACT

Profitability, represented by Return on Assets (ROA), is widely acknowledged as a key indicator for evaluating an entity's financial performance. A strong level of profitability is considered to strengthen investor confidence, as it indicates the firm's stable and ongoing capacity to deliver financial returns.

This research aims to examine the influence of liquidity, company size, and capital structure on profitability, using mining sector companies that listed on the Indonesia Stock Exchange (IDX) from period 2019 to 2023 as the research object. To assess profitability as the dependent variable, this study utilizes Return on Assets (ROA) as the primary measurement, while the independent variables consist of liquidity measured by current ratio (CR), company size denoted by size, and capital structure measured through debt to equity ratio (DER).

A quantitative method was employed in this study, utilizing secondary data derived from annual financial reports published on the official websites of each company and the Indonesia Stock Exchange. The sample was selected through purposive sampling, resulting in 105 observations drawn from 21 companies over a five-year period. Panel data regression was applied as the method for analyzing the dataset, preceded by descriptive statistical analysis.

The empirical results demonstrate that liquidity, company size, and capital structure collectively influence profitability. However, on a partial basis, only company size exhibits a significant positive effect, whereas liquidity and capital structure show no significant impact on profitability.

These findings are expected to offer theoretical contributions to the body of literature related to profitability in the mining industry, as well as practical insights for companies and investors in formulating strategic financial decisions.

Keywords: liquidity, profitability, capital structure, firm size