

Profitability Determinants of Plantation Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

Profitability is an important indicator of a company's ability to utilize its assets and generate profits. This study aims to examine the effect of liquidity, leverage, firm size, and sales growth on the profitability of plantation subsector companies listed on the Indonesia Stock Exchange during the 2022–2025 period. This study employs a quantitative approach with a causal research design using secondary data obtained from annual reports and audited financial statements. The sample was selected using purposive sampling based on predetermined criteria, while the data were analyzed using descriptive statistics and multiple linear regression with Return on Assets (ROA) as the proxy for profitability. Liquidity was measured using the Current Ratio (CR), leverage using the Debt-to-Equity Ratio (DER), firm size using the natural logarithm of total assets, and sales growth using the annual percentage change in sales. The results show that liquidity has a positive but statistically insignificant effect on ROA, while leverage has a negative and statistically significant effect on ROA. Firm size does not have a statistically significant effect on ROA, whereas sales growth has a positive and statistically significant effect on ROA. Furthermore, the F-test indicates that liquidity, leverage, firm size, and sales growth simultaneously have a significant effect on ROA. These findings indicate that leverage and sales growth are the financial factors that demonstrate significant partial relationships with the profitability of plantation companies in the observed sample. The study provides additional empirical evidence regarding the determinants of profitability in the plantation sector and suggests that future research consider longer observation periods, broader samples, and additional financial and operational variables.

Keywords: Profitability, Firm Size, Leverage, Liquidity, Sales Growth

INTRODUCTION

Profitability is an important indicator for assessing a company's ability to manage its resources, maintain operational efficiency, and generate profits. For investors and other stakeholders, profitability provides important information about a company's financial condition and its ability to sustain business operations. One commonly used indicator of profitability is Return on Assets (ROA), which reflects a company's ability to generate profits from its assets. A higher ROA generally indicates that the company is more effective in utilizing its assets to generate profits. Therefore, analyzing the factors that influence ROA is important for understanding the financial condition and sustainability of companies.

The plantation sector is an important part of Indonesia's economy because it contributes to employment, exports, and the development of regional economies. However, plantation companies face various challenges because their business activities depend heavily on land availability, weather conditions, climate, natural resources, and fluctuations in commodity prices. These conditions may affect production costs, productivity, revenues, and ultimately the profitability of plantation companies. Recent research has also highlighted that plantation companies are exposed to various external challenges, including commodity price fluctuations, climate-related conditions such as El Niño, and changes in international market regulations (Sihaloho & Sandari, 2026).

In addition to external environmental conditions, a company's internal financial characteristics may influence its profitability. Liquidity is one of the important financial factors because it reflects the company's ability to meet its short-term obligations. A company with adequate liquidity may have greater flexibility in financing its operational activities and meeting short-term financial commitments. However, excessively high liquidity may also indicate that the company is not utilizing its current assets efficiently. Previous empirical findings regarding the relationship between liquidity and profitability have been inconsistent. Natasha and Surjadi (2023) found that liquidity did not significantly affect profitability, whereas Revata and Sudirgo (2023) reported a significant negative effect of liquidity on profitability. In the agricultural sector, Putri and Meidiaswati (2025) also found that liquidity had a significant negative effect on profitability. These differences indicate that the relationship between liquidity and profitability may vary depending on the characteristics and conditions of the companies studied.

Leverage is another important factor that may affect profitability. Leverage reflects the extent to which a company uses debt to finance its assets and business activities. The use of debt can provide additional financial resources for business expansion and investment, but excessive debt may increase financial costs and financial risk. Previous studies have reported different findings concerning the effect of leverage on profitability. Setiawan and Sha (2022) found that leverage had a significant negative effect on profitability, while Natasha and Surjadi (2023) reported that leverage did not have a significant effect on profitability. Similarly, Putri and Meidiaswati (2025) found no significant effect of leverage on profitability in agricultural companies. These inconsistent findings suggest that the role of leverage in determining profitability requires further investigation, particularly in the plantation sector.

Firm size may also influence profitability because larger companies generally possess greater assets, broader operational capacity, and potentially greater access to financial resources. Nevertheless, a larger asset base does not automatically guarantee higher profitability because large companies may also face higher operating costs and greater organizational complexity. Empirical evidence regarding the relationship between firm size and profitability remains mixed. Effendi and Surjadi (2024) found that firm size had a significant positive effect on profitability, whereas Revata and Sudirgo (2023) found that firm size did not significantly affect profitability. Furthermore, Putri and Meidiaswati (2025) reported that firm size had no significant effect on profitability in agricultural companies. These findings indicate the need for further examination of whether firm size contributes significantly to the profitability of plantation companies.

Sales growth is also relevant to profitability because increasing sales may indicate an expansion of market demand and business activity. Higher sales can potentially increase revenues and provide opportunities for companies to generate greater profits. However, sales growth does not necessarily lead to higher profitability if the increase in sales is accompanied

by proportionally higher production, distribution, marketing, or operating costs. Previous research has produced inconsistent findings. Setiawan and Sha (2022) found that sales growth had a significant positive effect on profitability, while Putri and Iskak (2023) reported that sales growth did not have a significant effect on profitability. In the plantation sector, Khairunnisa and Oktasari (2022) found that sales growth had a significant positive effect on profit growth, whereas Putri and Meidiaswati (2025) found that sales growth did not significantly affect profitability in agricultural companies.

Several studies have specifically examined the profitability of plantation companies, but differences remain in their variables, research periods, and findings. Khairunnisa and Oktasari (2022), for example, examined plantation subsector companies listed on the Indonesia Stock Exchange during 2016–2020 and found that the current ratio did not significantly affect profit growth, while sales growth had a significant positive effect. More recent research by Melani et al. (2026), which examined 24 plantation companies listed on the Indonesia Stock Exchange during 2020–2024, found that liquidity measured by the Current Ratio had a significant positive effect on profitability, while Debt to Equity Ratio had a negative but insignificant effect. Meanwhile, Sihaloho and Sandari (2026), using plantation companies listed on the Indonesia Stock Exchange during 2022–2024, found that firm size had a significant negative effect on profitability, Debt to Equity Ratio was not significant, and sales growth had a significant positive effect. These findings demonstrate that empirical evidence concerning the determinants of profitability in plantation companies remains inconsistent.

The inconsistency of previous findings indicates several research gaps. First, previous studies have produced different results regarding the effects of liquidity, leverage, firm size, and sales growth on profitability. Second, although several studies have examined plantation or agricultural companies, the research periods differ substantially. Khairunnisa and Oktasari (2022) examined the 2016–2020 period, Putri and Meidiaswati (2025) examined 2018–2022, Melani et al. (2026) examined 2020–2024, and Sihaloho and Sandari (2026) examined 2022–2024. Therefore, empirical evidence covering the 2022–2025 period is still relevant, particularly because this period includes substantial changes in the economic and operational environment of Indonesian companies following the COVID-19 pandemic and continuing environmental and market challenges.

Based on these research gaps, this study aims to analyze the effect of liquidity, leverage, firm size, and sales growth on the profitability of plantation companies listed on the Indonesia Stock Exchange during the 2022–2025 period. Liquidity is measured using the Current Ratio (CR); leverage is measured using the Debt-to-Equity Ratio (DER); firm size is measured using the natural logarithm of total assets; and sales growth is measured as the annual growth in sales. Profitability is measured using Return on Assets (ROA). By examining these variables simultaneously in plantation companies during the 2022–2025 period, this study is expected to provide additional empirical evidence regarding the internal financial factors associated with the profitability of Indonesian plantation companies.

METHOD

This study employed a quantitative approach with an explanatory research design to examine the effect of liquidity, leverage, firm size, and sales growth on the profitability of plantation subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period. The quantitative approach was selected because the study uses numerical financial

data and statistical analysis to examine the relationships between the independent and dependent variables. A quantitative approach combined with multiple linear regression is commonly applied in financial studies to examine the relationship between several explanatory variables and corporate profitability (Wooldridge, 2013). Recent empirical studies of companies listed on the IDX have similarly employed quantitative research, purposive sampling, secondary financial-report data, and multiple linear regression to investigate the effects of liquidity, leverage, and firm size on profitability or profitability.

The population of this study consisted of 33 plantation subsector companies listed on the Indonesia Stock Exchange (IDX) during the observation period. The sample was determined using a purposive sampling technique, in which companies were selected based on predetermined criteria relevant to the research objectives. Purposive sampling is appropriate when researchers establish specific inclusion criteria to ensure that the selected observations contain the information required to measure the research variables. This approach has also been applied in previous IDX-based studies using financial statement data and multiple regression analysis. Based on the predetermined sampling criteria, 25 companies were selected as the final sample, resulting in 100 company-year observations over the five-year observation period (25 companies $\times$ 4 years). The sampling criteria included: (1) plantation subsector companies listed on the IDX during the 2022–2025 observation period; (2) companies that published annual financial statements consistently during the observation period; (3) companies that provided complete financial information required to calculate all research variables; and (4) companies whose financial statements contained data on current assets, current liabilities, total liabilities, total equity, total assets, and sales required for the measurement of liquidity, leverage, firm size, sales growth, and profitability. Companies that did not meet these criteria were excluded from the final sample.

The dependent variable in this study was profitability, while liquidity, leverage, firm size, and sales growth were treated as independent variables. Profitability was measured using Return on Assets (ROA), which reflects the company's ability to generate net income from the assets employed in its operations. ROA was calculated by dividing net income by total assets. The use of ROA as an indicator of profitability or profitability is common in empirical studies of companies listed on the IDX. Liquidity was measured using the Current Ratio (CR), which indicates the company's ability to meet its short-term obligations using its current assets. CR was calculated by dividing current assets by current liabilities. Leverage was measured using the Debt-to-Equity Ratio (DER), which reflects the proportion of financing provided by creditors relative to shareholders' equity. DER was calculated by dividing total liabilities by total equity. Firm size was measured using the natural logarithm of total assets ($SIZE = \ln \text{Total Assets}$) to reduce the effect of differences in scale among companies. Previous IDX research has similarly operationalized liquidity using CR, leverage using DER, firm size using the natural logarithm of total assets, and profitability using ROA. Sales growth was measured as the percentage change in sales between the current year and the previous year, calculated as the difference between current-year sales and previous-year sales divided by previous-year sales.

Data analysis was conducted using descriptive statistics and multiple linear regression analysis. Descriptive statistical analysis was used to describe the characteristics of the research variables by presenting the minimum value, maximum value, mean, and standard deviation. Multiple linear regression was employed because the research model contains one dependent variable and four independent variables. In econometric analysis, multiple regression provides a framework for estimating the partial relationship between an outcome variable and several

explanatory variables while holding the other explanatory variables constant (Wooldridge, 2013). Previous empirical studies examining financial variables in Indonesian companies have likewise used descriptive analysis followed by multiple linear regression and classical assumption testing.

RESULT AND DISCUSSION

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CR	100	.244	5.531	1.80691	1.153005
DER	100	.168	9.089	1.78386	3.048399
SIZE	100	.134	.523	.03211	.20134
SG	100	-.296	.356	.05122	.185889
ROA	100	.004	.224	.06644	.048832
Valid N (listwise)	100				

Source: Processed Research Data (2026)

Table 1 presents the results of descriptive statistical tests for all research variables, including Current Ratio (CR), Debt to Equity Ratio (DER), Company Size (SIZE), Sales Growth (SG), and Return on Assets (ROA), with a total of 100 observations. The mean value of ROA is 0.06644 (6.64%), indicating that, overall, the sample companies maintain positive profitability. The CR variable has a mean value of 1.80691 with a standard deviation of 1.153005, which points to a relatively safe level of company liquidity. Meanwhile, DER exhibits high variability, with a minimum value of 0.168, a maximum value of 20.089, and a standard deviation of 3.048399. The average company size (SIZE), measured by the natural logarithm of total assets, stands at 9.00353. Lastly, sales growth (SG) records an average value of 0.05122 (5.12%), reflecting a positive growth trend despite variations ranging from -0.296 to 0.356.

Table 2. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.04196394
Most Extreme Differences	Absolute	.076
	Positive	.076
	Negative	-.049
Test Statistic		.076
Asymp. Sig. (2-tailed)		.169 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Processed Research Data (2026)

A normality test was conducted to ensure that the residual values of the regression model are normally distributed. As shown in Table 2, the One-Sample Kolmogorov-Smirnov test yields a Test Statistic of 0.076 with an Asymptotic Significance (2-tailed) value of 0.169. Since this significance value is greater than the chosen significance threshold ($\alpha = 0.05$), it can be concluded that the residual data in this regression model are normally distributed. Therefore, the assumption of normality in multiple linear regression analysis is fulfilled.

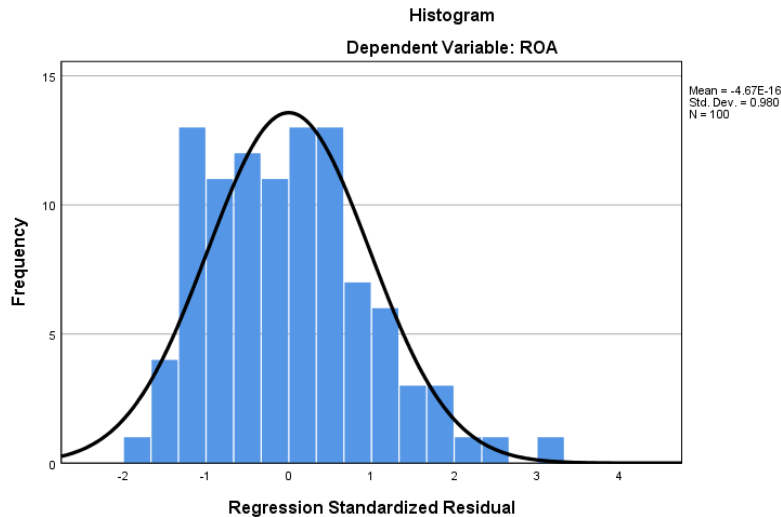


Figure 1. Histogram of Normal Distribution Curve (Bell Curve)
Source: Processed Research Data (2026)

Figure 1 illustrates the histogram of standardized residuals overlaid with a theoretical normal distribution curve (bell-shaped curve). As depicted in the graph, the distribution of the residual data forms a symmetrical, bell-shaped pattern centered around zero, closely aligning with the theoretical normal curve without exhibiting severe skewness to either the left or the right. This visual bell-curve distribution confirms that the regression residuals satisfy the assumption of normality, thereby validating the statistical integrity of the multiple linear regression model for hypothesis testing.

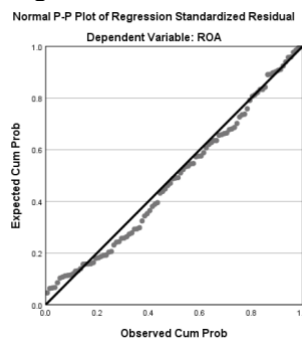


Figure 2. Normal P-Plot
Source: Processed Research Data (2026)

Figure 2 depicts the Normal Probability Plot (P-P Plot) employed to visually assess the normality assumption of the regression residuals. As observed in the plot, the empirical data points are distributed closely along the 45-degree diagonal reference line, extending from the bottom-left to the top-right corner without significant departures or systematic patterns. The close alignment of the observed cumulative probabilities with the expected normal distribution line provides visual evidence that the residuals are normally distributed. Consequently, this confirms that the parametric assumption of normality required for multiple linear regression analysis is fully satisfied.

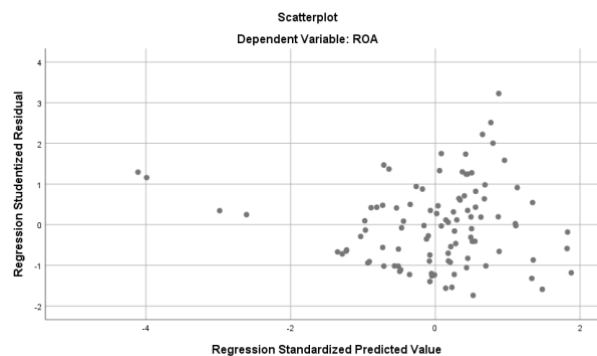


Figure 3. Scatterplot of Regression Standardized Residuals
Source: Processed Research Data (2026)

Figure 3 presents a scatterplot of regression standardized residuals against the observation index to assess residual normality and randomness visually. As depicted in the plot, the residual data points are randomly and evenly dispersed around the horizontal zero baseline ($y = 0$). The vast majority of observations lie well within the standard range of -2 to $+2$ standard deviations without exhibiting systematic patterns, clustering, or distinct trends. This symmetrical and random dispersion centered around the zero axis confirms that the regression residuals follow a normal distribution, thereby satisfying the underlying normality assumption required for robust multiple regression estimation.

Table 3. Multiple Linear Regression Test Result
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.078	.041		1.904	.060
CR	.008	.004	.188	1.897	.061
DER	-.005	.002	-.329	-3.312	.001
SIZE	-.002	.005	-.044	-.490	.625
SG	.068	.023	.260	2.948	.004

a. Dependent Variable: ROA

Source: Processed Research Data (2026)

Table 3 displays the estimated multiple linear regression coefficients used to examine the partial effects of the independent variables on ROA. The Debt-to-Equity Ratio (DER) has a significant negative effect on ROA ($\beta = -0.329$, $t = -3.312$, $p = 0.001$), indicating that higher leverage levels lead to lower corporate profitability. Sales Growth (SG) shows a significant positive effect on ROA ($\beta = 0.260$, $t = 2.948$, $p = 0.004$), suggesting that sales expansion contributes positively to ROA. In contrast, Current Ratio (CR) has a positive but statistically insignificant effect at the 5% level ($p = 0.061$), and Company Size (SIZE) does not exert a significant influence on ROA ($p = 0.625$).

Table 4. F-Test (ANOVA)
ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.062	4	.015	8.410	.000 ^b
	Residual	.174	95	.002		
	Total	.236	99			

a. Dependent Variable: ROA

b. Predictors: (Constant), SG, SIZE, CR, DER

Source: Processed Research Data (2026)

The F-test was utilized to determine whether all independent variables simultaneously influence the dependent variable. According to Table 4, the calculated F-value is 8.410 with a significance level of 0.000. As the significance value is well below 0.05 ($p < 0.05$), the proposed regression model is deemed a good fit, confirming that CR, DER, SIZE, and SG jointly exert a significant impact on firm profitability (ROA).

Table 5. Coefficient of Determination Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.511 ^a	.630	.262	.042838

a. Predictors: (Constant), SG, SIZE, CR, DER

b. Dependent Variable: ROA

Source: Processed Research Data (2026)

Table 5 outlines the explanatory power of the independent variables regarding variations in the dependent variable through the coefficient of determination. The Adjusted R Square value obtained is 0.630. This implies that 63.0% of the variance in Return on Assets (ROA) can be explained by the combined effects of Current Ratio, Debt-to-Equity Ratio, Company Size, and Sales Growth. The remaining 37.0% is accounted for by other factors or variables outside the scope of this research model.

Discussion

The Effect of Liquidity on Profitability

The results of the multiple linear regression analysis indicate that liquidity, as measured by the Current Ratio (CR), has a positive but statistically insignificant effect on profitability as measured by Return on Assets (ROA). The regression coefficient of CR is 0.008 with a significance value of 0.061, which is higher than the 5% significance level. This finding indicates that an increase in the current ratio tends to be associated with an increase in ROA, but the effect is not sufficiently strong to be considered statistically significant. Therefore, liquidity cannot be regarded as a significant determinant of the profitability of plantation companies in the observed sample.

This result suggests that maintaining a higher level of current assets relative to current liabilities does not necessarily translate directly into greater profitability. Although adequate liquidity provides companies with the ability to meet short-term obligations and support operational activities, excessive current assets may also indicate that some resources are not being utilized productively to generate income. This condition may be particularly relevant in plantation companies, whose profitability is also influenced by production productivity, commodity prices, operating costs, weather conditions, and other sector-specific factors. Consequently, the availability of liquid assets alone may not be sufficient to improve the efficiency with which total assets generate profits.

The finding is consistent with Natasha and Surjadi (2023), who reported that liquidity did not have a significant effect on profitability. However, it differs from the findings of Revata and Sudirgo (2023) and Putri and Meidiaswati (2025), who reported a significant negative effect of liquidity on profitability or profitability. It also differs from Melani et al. (2026), who found that liquidity had a significant positive effect on profitability in plantation companies. These differences indicate that the relationship between liquidity and profitability may depend on differences in company characteristics, observation periods, operational conditions, and the efficiency of current asset management.

The Effect of Leverage on Profitability

The regression results demonstrate that leverage, measured by the Debt-to-Equity Ratio (DER), has a negative and statistically significant effect on ROA. The DER coefficient is -0.005 with a significance value of 0.001, which is below the 5% significance level. This finding indicates that an increase in the proportion of debt financing relative to equity is associated with a decrease in the ability of plantation companies to generate profits from their assets. Among the independent variables examined, DER therefore represents an important factor associated with variations in profitability.

The negative relationship can be explained by the financial burden arising from the use of debt. Although debt can provide additional funds for business operations, expansion, and investment, an excessive level of leverage increases the company's financial obligations and may result in greater interest and financing costs. When these financial costs reduce the portion of operating returns available as net income, the company's ROA may decline. Thus, the finding suggests that the benefits obtained from debt financing may not be sufficient to compensate for the additional financial burden associated with higher leverage in the observed plantation companies.

This finding is consistent with Setiawan and Sha (2022), who found that leverage had a significant negative effect on profitability. The result, however, differs from Natasha and

Surjadi (2023) and Putri and Meidiaswati (2025), who found that leverage did not significantly affect profitability or profitability. Sihalo and Sandari (2026) also reported that the Debt-to-Equity Ratio was not significant in explaining profitability, while Melani et al. (2026) found a negative but insignificant effect of capital structure on profitability. The differences across studies indicate that the effect of leverage may vary according to the financial structure and operating characteristics of the companies as well as the economic conditions during the observation period.

The Effect of Firm Size on Profitability

The findings show that firm size, measured by the natural logarithm of total assets, does not have a statistically significant effect on ROA. The regression coefficient of SIZE is -0.002 with a significance value of 0.625, which is considerably higher than the 5% significance level. This result indicates that differences in the scale of plantation companies' total assets are not sufficient to explain differences in their profitability during the observation period.

The absence of a significant relationship suggests that having a larger asset base does not automatically result in greater profitability. Larger companies may possess greater production capacity, broader operational activities, and better access to financial resources; however, they may also face higher operating costs, more complex organizational structures, and greater resource-management requirements. Consequently, the contribution of company size to profitability may depend more on how effectively the assets are managed than on the absolute size of the assets themselves.

This result is consistent with Revata and Sudirgo (2023) and Putri and Meidiaswati (2025), who found that firm size did not significantly affect profitability or profitability. The finding differs from Effendi and Surjadi (2024), who reported a significant positive effect of firm size on profitability, and from Sihalo and Sandari (2026), who reported a significant negative effect of firm size on profitability in plantation companies. The inconsistent empirical evidence reinforces the argument that company size alone cannot be used as a direct indicator of profitability because the relationship may be influenced by operational efficiency, cost structure, asset utilization, and industry conditions.

The Effect of Sales Growth on Profitability

Sales growth has a positive and statistically significant effect on ROA. The regression coefficient is 0.068 with a significance value of 0.004, which is below the 5% significance level. This result indicates that higher sales growth is associated with improved profitability among the plantation companies included in the sample. An increase in sales reflects an expansion of business activity and provides companies with greater potential to generate revenue and net income from their assets.

The positive relationship also suggests that sales expansion may contribute to improved asset utilization when the increase in sales is accompanied by effective cost and operational management. In other words, growth in sales can improve profitability when additional revenues are translated efficiently into net income. This finding is particularly relevant because the descriptive statistics show that sales growth has an average value of 5.12%, although the variable also exhibits considerable variation, ranging from -29.6% to 35.6%.

The finding is consistent with Setiawan and Sha (2022), who found a significant positive effect of sales growth on profitability, as well as Khairunnisa and Oktasari (2022), who reported that sales growth had a significant positive effect on profit growth in plantation

subsector companies. Sihalohe and Sandari (2026) also found a significant positive effect of sales growth on profitability among plantation companies. However, the result differs from Putri and Iskak (2023) and Putri and Meidiaswati (2025), who found that sales growth did not significantly affect profitability. These differences may arise because sales growth does not necessarily produce higher profitability when revenue increases are accompanied by proportionally higher production, distribution, marketing, or operating costs.

Simultaneous Effect of Liquidity, Leverage, Firm Size, and Sales Growth on Profitability

The F-test indicates that liquidity, leverage, firm size, and sales growth jointly have a statistically significant effect on ROA. The regression model produces an F-statistic of 8.410 with a significance value of 0.000, which is below the 5% significance level. This finding indicates that profitability cannot be understood solely from one financial characteristic because several internal financial factors operate simultaneously in explaining variations in profitability.

The simultaneous significance of the model indicates that the combination of liquidity, leverage, company size, and sales growth provides relevant information for explaining differences in the profitability of plantation companies. Nevertheless, the partial results demonstrate that the contribution of each variable is not identical. Leverage and sales growth show statistically significant relationships with ROA, whereas liquidity and firm size do not. Therefore, the significant F-test should be interpreted as evidence of the joint relevance of the variables in the model rather than as evidence that every individual variable has a statistically significant effect.

Overall, the findings emphasize the importance of financial structure and business growth in understanding the profitability of plantation companies. The negative and significant effect of leverage indicates that debt management is an important consideration, while the positive and significant effect of sales growth indicates that the ability to expand sales is associated with improved profitability. Meanwhile, the insignificant effects of liquidity and firm size suggest that the mere availability of current assets or a larger asset base does not automatically improve ROA. These findings contribute additional empirical evidence to the inconsistent results reported in previous studies and provide a more specific perspective on plantation companies during the 2021–2025 period.

CONCLUSION

This study concludes that liquidity, leverage, firm size, and sales growth have different relationships with the profitability of plantation companies listed on the Indonesia Stock Exchange. Liquidity, as measured by the Current Ratio, has a positive but statistically insignificant effect on Return on Assets. This finding indicates that a higher level of liquidity does not necessarily result in a significant improvement in the company's ability to generate profits from its assets. Leverage, as measured by the Debt-to-Equity Ratio, has a negative and statistically significant effect on Return on Assets, indicating that higher leverage is associated with lower profitability. Firm size, measured by the natural logarithm of total assets, does not have a statistically significant effect on Return on Assets, suggesting that a larger asset base does not automatically lead to higher profitability. Meanwhile, sales growth has a positive and statistically significant effect on Return on Assets, indicating that companies experiencing higher sales growth tend to demonstrate better profitability. Simultaneously, liquidity, leverage, firm size, and sales growth significantly affect Return on Assets, as indicated by the F-test

significance value of 0.000. Overall, the findings indicate that leverage and sales growth are the variables that demonstrate statistically significant partial relationships with profitability in the observed sample, whereas liquidity and firm size do not show statistically significant partial effects.

For future research, it is recommended to extend the observation period and consider a broader sample of companies in the plantation or agricultural sector to obtain more comprehensive empirical evidence. Future studies may also incorporate additional variables that are not included in the current research model, such as company efficiency, asset utilization, market power, or other financial and operational factors that may explain variations in profitability. In addition, researchers may consider using alternative indicators of profitability and alternative measurements of liquidity, leverage, firm size, and sales growth to examine whether different operationalizations produce consistent results. Further research may also compare plantation companies with other agricultural subsectors to identify whether the relationships between financial characteristics and profitability vary across sectors.

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