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The Dynamics of the Influence of Macroeconomic Factors and Capital Structure on Financial Performance and Company Size: A Study of Healthcare Companies on the IDX (2021–2024)

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Abstract: *This study aims to examine the influence of macroeconomic fundamental factors and capital structure on the financial performance and size of companies in the healthcare sector listed on the Indonesia Stock Exchange for the 2021–2024 period. Using a quantitative approach and the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, this study analyzes secondary data from company financial reports, Bank Indonesia, and other reliable sources to empirically test the relationship between variables. The results of the bootstrapping analysis indicate that all hypotheses are accepted, with a p-value of 0.000 < 0.05, indicating a positive and significant influence. Macroeconomic factors, such as inflation, interest rates, and exchange rates, influence financial performance (original sample = 0.520; t-statistic = 12.350) and company size (0.212; 5.092), although they are stronger on financial performance. Capital structure shows a more dominant influence, especially on company size with a coefficient of 0.780 and a t-statistic of 8.798, illustrating the importance of leveraging leverage in company expansion. These findings conclude that macroeconomic stability and strategic capital structure management are crucial factors in supporting the performance and growth of companies in the capital-intensive healthcare industry, both during and after the pandemic.*

INTRODUCTION

The healthcare sector plays a strategic role in a country's economy, particularly in meeting the public's basic need for quality healthcare services. In Indonesia, this sector has received increasing attention since the COVID-19 pandemic began in early 2020, with companies in this sector at the forefront of providing healthcare services, medicines, medical devices, and other related services. The financial health and stability of corporations in this sector are crucial, not only for the operational continuity of individual entities but also as a pillar supporting overall macroeconomic growth (Issa & Issa, 2025) .

In the post-pandemic period of 2021-2024, the Indonesian healthcare sector faces various challenges and opportunities that impact its financial performance. On the one hand, demand for healthcare products and services tends to increase along with increasing public awareness of the importance of health. On the other hand, companies in this sector must also face macroeconomic volatility that can impact operational costs, revenue, and financing decisions. Significant changes in economic activity during and after the pandemic have led to downward revisions in corporate return and growth expectations, leading to lower stock prices and requiring more adaptive financial strategies (Alghifari et al., 2022) .

Macroeconomic factors, represented by Gross Domestic Product (GDP), are external variables that significantly impact company performance, including in the healthcare sector. This suggests that positive economic growth can drive increased corporate revenue through increased public purchasing power for healthcare services (Nurcahyati & Nurdin, 2023) . High GDP indicates strong purchasing power among the public, thus driving increased consumption of healthcare products and services and potentially increasing corporate profitability (Sihombing et al., 2023) .

In addition to macroeconomic factors, capital structure is also a crucial internal factor in determining a company's financial performance. Optimal capital structure, which is a combination of equity and debt, can affect a company's cost of capital and profitability. Excessive use of debt can increase financial risk, while too high a proportion of equity can potentially hinder business expansion due to limited internal funding. In the healthcare sector, which generally requires significant investment in infrastructure, technology, and research, capital structure decisions are crucial to support company operations and growth. Historically, this sector has demonstrated relatively greater resilience compared to other sectors during national economic contractions. Statistics Indonesia (BPS) data recorded positive growth in healthcare services and social activities despite the Indonesian economy contracting by 2.07% in 2020 (Putri & Yulfiswandi, 2022) . . This shows that despite an aggregate economic contraction, this sector was able to record GDP growth of 11.56% in 2020 and 10.61% in 2021 thanks to the increasing need for healthcare services during the pandemic (Rahmawati & Sembiring, 2022; Sihombing et al., 2023) . This condition shows that the healthcare sector has strong fundamental resilience, but still requires careful financial management to maintain stability amid economic fluctuations (Hanasa & Lubis, 2023) . In addition, determining the right funding composition is a crucial aspect for management to optimize company value while minimizing the risk of bankruptcy amid market uncertainty.

Companies with larger assets tend to have the capacity to utilize leverage to maximize company value, but still require strict risk management (Yuana & Widodo, 2023) .

Company size is also an important variable in explaining the operational capacity and level of asset diversification owned by an entity, where companies with a larger scale tend to have easier access to funding and a lower level of business risk compared to small-scale companies (Handayani & Rahyuda, 2025) . This is supported by the fact that large companies have more constant financial conditions and a wider variety of businesses, so that large asset ownership contributes to increasing company value (Baihaqi et al., 2021) . In addition, a large business scale allows companies to obtain external funding sources at a more efficient cost due to a higher level of creditor confidence in the payment capacity and collateral of the assets owned (AW et al., 2021) . Large companies also tend to minimize production costs through economies of scale, thereby generating more stable profits and attracting investors to increase company value (Masitah & Khalifaturofi'ah, 2023) .

Good cost structure management will have an impact on increasing profitability and operational efficiency, which will ultimately strengthen the company's financial position in the face of external pressures. Optimal financial performance is a key indicator for investors to assess the company's future prospects, especially in capital-intensive sectors such as healthcare (Handayani & Rahyuda, 2025; Heliani & Fadhillah, 2022) . Significant investments in tangible assets, such as medical equipment and hospital facilities, often have a negative impact on company value if not balanced with an optimal capital structure, so an appropriate leverage policy is needed to mitigate these effects (Sihombing et al., 2023) . Thus, synergy between funding decisions and operational efficiency is a key prerequisite for healthcare sector companies to maintain business sustainability and maximize profits for stakeholders.

Based on this context, this study aims to analyze the dynamic influence of fundamental macroeconomic factors and capital structure on the financial performance and size of companies in the healthcare sector listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period. The research findings are expected to provide theoretical and practical contributions to company managers, investors, and policymakers in understanding the factors influencing the financial performance of the healthcare sector in Indonesia.

LITERATURE REVIEW

Macroeconomic Factors

Macroeconomic factors are national or global economic conditions that can impact a company's operations and performance. Relevant macroeconomic factors in this study include inflation, interest rates, and exchange rates, which directly impact consumer purchasing power and a company's financial burden. Gross Domestic Product (GDP) is a macroeconomic indicator that describes the total value of goods and services produced in a country during a specific period. Positive GDP growth reflects increased economic activity that can drive demand for healthcare services and increase company revenues in the sector. GDP is an important indicator reflecting aggregate economic health, where sustained growth in this sector has the potential to increase demand for healthcare services and strengthen company revenues (Putri & Yulfiswandi, 2022) . Furthermore, GDP will affect people's purchasing power and the level of healthcare service consumption, so significant changes in this indicator will directly impact the revenue volume of healthcare sector companies (Saputri et al., 2022) . Besides GDP, the inflation rate also plays a crucial role because general price increases can increase operational costs, especially those related to the procurement of medical raw materials and equipment, which ultimately reduces company profit margins.

Capital structure

is the comparison between funding from debt and equity used to finance the company's operations and investments (Sulistiyo et al., 2022) . Decisions regarding capital structure are the main strategy of financial management because they determine the composition of funding sources that will affect the cost of capital and financial risks that must be borne by the company (Fauzi & Puspitasari, 2021) . Trade-off theory explains that companies will balance the tax benefits of using debt with the costs of financial distress arising from high levels of leverage (Umar & Tjong, 2021) . In addition, the pecking order theory states that companies are more likely to prioritize internal funding, followed by debt, and finally issuance of shares as a last resort to minimize information asymmetry (Putri & Wirajaya, 2023) . This theory assumes that management has access to more accurate information about the company's prospects than external parties, so that the issuance of new shares is often interpreted by the market as a negative

signal that the company's shares are overvalued (Astadewi & Pramesti, 2022) . Capital sources are generally divided into two, namely equity and external capital such as loans or debt, where internal funding can be done through retained earnings or share issuance, while external funding is obtained through bond issuance or bank debt (Kurniati & Yuliana, 2022) . The use of debt in the capital structure has consequences in the form of interest and principal payment obligations that must be met periodically, so that a high level of leverage has the potential to increase the risk of financial distress if the company's cash flow is unstable (Setyawan & Christian, 2022) .

Financial performance

Financial performance is the end result of a series of management decisions and activities reflected through profitability, liquidity, and solvency indicators to measure the extent to which a company is effective in achieving its goals. The profitability ratio is the main indicator in this assessment because it describes the company's ability to generate profits from invested capital, where an optimal capital structure allows the company to utilize external funding sources effectively without incurring excessive financial burdens (Adnanti & Triani, 2023; Surbakti et al., 2023) . Commonly used ratios to measure financial performance include Return on Assets and Return on Equity to assess the efficiency of asset and capital use. Return on Equity measures the rate of return on shareholder equity, thus reflecting how effectively management utilizes shareholder funds to generate profits (Tjahjana & Oktorina, 2023) . Return on Assets assesses management's efficiency in managing all assets owned by the company to generate income, where a higher ratio indicates more productive resource utilization (Adnanti & Triani, 2023) .

Company Size

It is one of the fundamental factors considered in determining the funding policy and operational scale of a business entity. Companies with a larger scale tend to have wider access to capital markets and external funding sources at lower costs, thus being able to optimize their capital structure to support business expansion (Rosmawati et al., 2023) . Larger companies are also considered more stable and have higher credibility in the eyes of investors and creditors, so they are able to generate more consistent profits compared to small-scale companies (Sihombing & Purba, 2021) . This is supported by signaling theory which states that capital structure plays an important role in a company, because good and bad capital structure will have a direct impact on company performance which reflects financial performance (Ariansyah et al., 2023) . In addition, large companies have more complex business diversification, so they are able to absorb economic shocks more effectively and maintain income stability in the long term (Pondrinal, 2021) .

METHOD

This research uses a quantitative approach with descriptive and verification methods.

The study population comprised all healthcare companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period. Based on the data, there are 16 main healthcare companies listed on the IDX.

The research sample was determined using purposive sampling techniques with the following criteria:

1. Healthcare sector companies listed on the IDX main board
2. Companies that consistently publish annual financial reports during the 2021-2024 period
3. Companies that have complete data related to research variables

Based on these criteria, a research sample of 16 healthcare sector companies on the BEI main board was obtained which will be analyzed over a 4-year period (2021-2024), so that the total observations are 64 (16 companies × 4 years).

The analysis tool used is Smart PLS 4.0, a statistical software based on Partial Least Squares Structural Equation Modeling, which allows the analysis of models with complex relationships and latent variables (Handayani & Rahyuda, 2025) . This approach was chosen because of its ability to model complex relationships with latent variables, overcome the limitations of small samples, and its advantages in prediction (Nasution & Fakhri, 2024) . The steps include analysis of the outer model, inner model, and bootstrapping for testing.

Table 1: Names of Healthcare Companies on the Main Board and Developers

No	Code	Company name
1	DVLA	Darya-Varia Laboratoria Tbk.
2	KAEF	Kimia Farma Tbk.
3	KLBF	Kalbe Farma Tbk.
4	BRAND	Merck Tbk.
5	MICA	Karyasehat Family Partners Tbk.
6	PYFA	Pyridam Farma Tbk
7	SAME	Metropolitan Meditama Facilities T
8	SIDO	Sido Herbal Medicine and Pharmaceutical Industry
9	SILO	Siloam International Hospitals
10	SRAJ	Sejahteraraya Anugrahjaya Tbk.
11	TSPC	Tempo Scan Pacific Tbk.
12	PRDA	Prodia Widyahusada Tbk.
13	PRIM	Royal Prima Tbk.
14	HEAL	Medikaloka Hermina Tbk.
15	PEHA	Phapros Tbk.
16	IRRA	Itama Ranoraya Tbk.

Source: IDX

RESULT AND DISCUSSION

This study uses a data analysis approach based on *Partial Least Squares Structural Equation Modeling* (PLS-SEM), which involves two main testing stages: evaluation of *the outer model* (measurement model) to test the validity and reliability of indicators, and evaluation of *the inner model* (structural model) to test the relationship between constructs within the framework of the proposed hypothesis.

1. Outer Model

The outer model aims to evaluate the relationship between latent variables and the indicators used to measure them. This testing is conducted to ensure that all measurement instruments accurately and consistently represent the latent variables according to established validity and reliability criteria. In this testing process, three main aspects are assessed: convergent validity, discriminant validity, and construct reliability. These three aspects collectively ensure the quality and accuracy of the constructs in the model used.

a. Convergent Validity

Convergent validity has two value criteria that can be evaluated, namely using the loading factor value or the Average Variance Extracted (AVE) value.

1) Loading Factor Value

The output of the outer loading estimation results is measured by the correlation between the indicator score (instrument) and its construct (variable). An indicator is considered valid if it has a correlation value of 0.70, or 0.6 is considered sufficient.

Table 2. *Outer Loading Results of Convergent Validity Test*

Indicator	Capital Structure	Macro Fundamentals	Financial performance	Company Size	Information
LN_DER	-0.987				Valid
LN_Equity	0.988				Valid
GDP		1,000			Valid
Total Assets			0.986		Valid
Total Equity			0.766		Valid
NPM				0.923	Valid
ROA				0.885	Valid
ROE				0.868	Valid

Data Source Processed by SEM-PLS 4.0. 2026

Based on the data above, it is known that all loading factor values are above 0.7 so the data is declared valid.

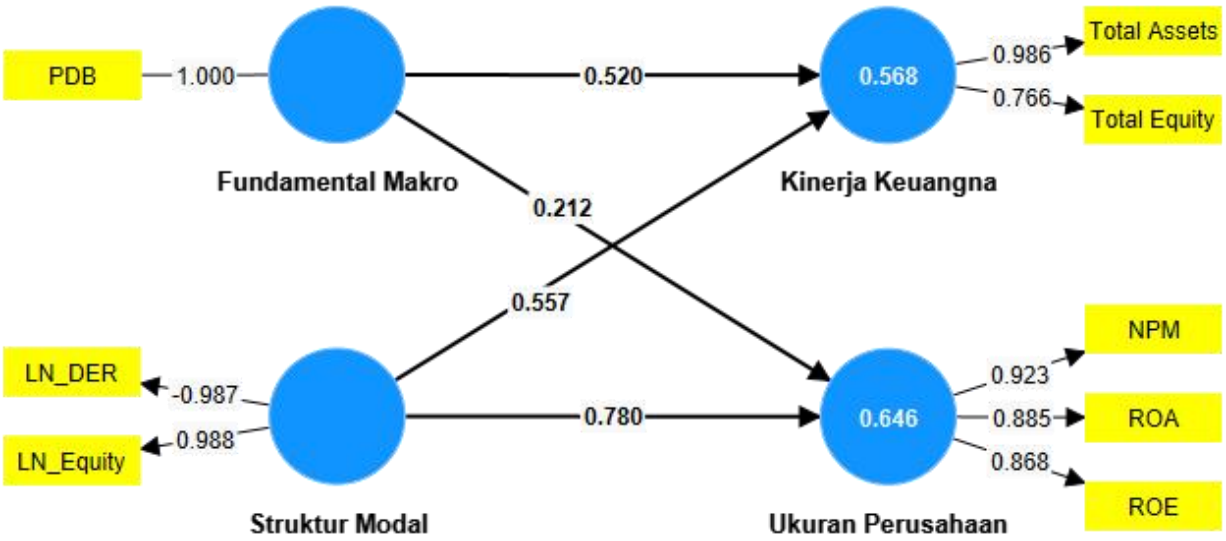

Figure 1: Outer Model Results

Source : Data processed by SEM-PLS, 202 6

2) Average Variance Extracted (AVE)

The output of the Average Variance Extracted (AVE) results can be seen in the table below.

Table 3 : Average Variance Extracted (AVE)

Variables	Average variance extracted (AVE)	Information
Financial performance	0.780	Valid
Capital Structure	0.975	Valid
Company Size	0.796	Valid

Source: Data Processed by Sem-PLS 4.0. 2026

The AVE value of each of the variables above is all greater than ≥ 0.5, meaning that the variables above are categorized as valid.

b. Construct Reliability

Construct reliability can be analyzed using one of two methods: Cronbach's alpha and composite reliability. Both methods are used to test the reliability of indicators within a variable.

1) Cronbach's Alpha and Composite reliability

Cronbach's Alpha is one of the main measures in testing the reliability of a construct in PLS-SEM analysis. A high Cronbach's Alpha value indicates that the indicators in a latent variable have high consistency in measuring the same construct, making it suitable for use in the analysis. However, in the PLS-SEM approach, *composite reliability* is prioritized because it does not assume equal weighting between indicators. Composite reliability is used to assess the internal consistency of the indicators that make up the latent variable. In SmartPLS, a *composite reliability* value ≥ 0.70 is considered to meet acceptable reliability standards, indicating that the construct is measured reliably and consistently.

Table 4: Cronbach's Alpha and Composite Reliability Values

variables	Cronbach's alpha	Composite reliability (rho_a)	Information
Financial Performance	0.787	2,057	Reliable
Capital Structure	0.810	0.979	Reliable
Company Size	0.880	0.947	Reliable

Source: Data Processed by Sem-PLS 4.0. 2026

The results of the analysis show that the Cronbach's alpha and Composite Reliability values for the constructs of all the variables above are ≥ 0.70 so that all the variables above have good reliability.

2) Model Fit Test

The Model Fit Test is carried out by looking at the estimated output results of Smart PLS version 4.0 compared to the criteria as explained in the following table.

Table 5: Fit Model

	Estimated model	Rule of Thumb	Information
SRMR	0.152	Less than 0.10	Fit
d_ULS	0.837	> 0.05	Fit
d_G	2,851	> 0.05	Fit
Chi-square	1509,180	1509,180> 37.65	Fit
NFI	0.430	Approaching Value 1	Fit

Source: Data Processed by Sem-PLS 4.0. 2026

Based on the model fit test table that has been carried out in this study, it was found that the data in this model can be used to analyze the relationship between latent variables with the confidence that the model reflects the data accurately and has relevant predictive capabilities.

2. Inner Model

The inner model in PLS-SEM is used to describe and evaluate causal relationships between latent variables in the model. The inner model is assessed to determine the strength, direction, and significance of the relationship. This evaluation covers three main aspects: the significance of the relationship between constructs tested through *bootstrapping* (hypothesis testing), the coefficient of determination (R^2) , which indicates how much the independent variable is able to explain the variance of the dependent variable, and the effect size (f^2) , which describes the magnitude of the influence of an independent variable on the dependent variable, both practically and substantively.

a. R Square (R^2)

The R-squared value in PLS-SEM measures how well the latent independent variables in a model explain the latent dependent variables. The R^2 value indicates the overall predictive power of the model. R^2 values range from 1 to 1, with higher values indicating a better model at explaining variance. The R-squared values in this analysis are as follows:

Table 6: R Square (R^2) Test Results

Variables	R-square	R-square adjusted
Financial performance	0.568	0.564
Company Size	0.646	0.642

Source: Data Processed by Sem-PLS 4.0. 2026

Based on the analysis results, the *R* -square value of 0.568 for the Financial Performance variable indicates that 56.8% of the variation in financial performance can be explained by macroeconomic factors and capital structure, with an adjusted *R* -square value of 0.564 indicating the model has good stability and predictive ability without experiencing *overfitting* . Meanwhile, for the Company Size variable, the *R* -square value of 0.646—higher than that for financial performance—indicates that 64.6% of the diversity in company size is explained by exogenous variables in the model, supported by an adjusted *R* -square of 0.642 demonstrating the consistency and reliability of the model. These findings confirm that the research model has a fairly high explanatory power and is suitable for use in analyzing the determinants of financial performance and the growth of companies in the healthcare sector listed on the Indonesia Stock Exchange during the 2021–2024 period.

b. Significance (Hypothesis Testing)s

The significance test for relationships in PLS SEM is performed to determine whether the relationship between latent variables in the model is statistically significant. This process typically uses bootstrapping techniques, where data is resampled to calculate path coefficients and their standard errors. The results are reported as t-statistics or p-values. A relationship is considered significant if the p-value is less than a predetermined significance level (in this study, 0.05 was used). A significant path coefficient indicates that the relationship between the latent independent and dependent variables has strong statistical support, thus accepting the proposed hypothesis. The following are the bootstrapping results for the *direct effect model:*

Table 7: Results of Path Coefficient Bootstrapping Direct Effect

Variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Macro Fundamentals -> Financial Performance	0.520	0.523	0.042	12,350	0,000
Macro Fundamentals -> Company Size	0.212	0.215	0.042	5,092	0,000
Capital Structure -> Financial Performance	0.557	0.554	0.075	7,393	0,000
Capital Structure -> Company Size	0.780	0.776	0.089	8,798	0,000

Source: Data Processed by Sem-PLS 4.0. 2026

Based on the results of the *bootstrapping analysis* , all hypotheses in this study were accepted because each relationship between variables showed a positive and statistically significant influence (*p-value* = 0.000 < 0.05). Macroeconomic fundamental factors have a significant influence on financial performance (*original sample* = 0.520; *t-statistic* = 12.350) and on company size (*original sample* = 0.212; *t-statistic* = 5.092), although their influence is stronger on financial performance. Capital structure also has a very significant impact on both dependent variables, namely financial performance (*original sample* = 0.557; *t-statistic* = 7.393) and company size (*original sample* = 0.780; *t-statistic* = 8.798), with the largest influence on company size. These findings indicate that macroeconomic conditions and efficient capital structure management are crucial factors that significantly support the improvement of performance and growth of companies in the healthcare sector listed on the Indonesia Stock Exchange.

DISCUSSION

The Influence of Macro Fundamentals on Financial Performance

Based on the analysis conducted, Macroeconomic Factors with Gross Domestic Product (GDP) as the main indicator are proven to have a significant influence on the financial performance of *healthcare sector companies* listed on the Indonesia Stock Exchange (IDX). GDP, as a reflection of national economic growth, reflects the level of people's purchasing power and the expansion of economic activity, which directly affects the demand for healthcare services and products. In the context of the study, although GDP is not tested separately, its contribution is absorbed in the aggregate variable *Macro_Factors* , which shows a strong positive influence on financial performance with the *original sample value.* of 0.520 and *a t-statistic* of 12.350 (well above the significance threshold). These results indicate that increasing GDP creates a conducive economic environment, encourages health consumption, and in turn increases corporate revenue and profitability. According to previous research by Gemilang and Wiyono, economic growth, represented by GDP, plays a crucial role in creating a business ecosystem that supports increased corporate profitability (Oktaviyana et al., 2023) . This finding is also in line with signaling theory, where large companies with good asset quality can send positive signals to external parties because they have access to more information and easier access to the capital market (Oktaviyana et al., 2023) .

Thus, the financial performance of healthcare companies is responsive to macroeconomic dynamics, and policies that encourage sustainable economic growth can be a key driver in improving long-term financial performance in this capital-intensive industry. Furthermore, large companies are considered to have a better capacity to manage capital structure and utilize economies of scale for operational efficiency, thus providing positive signals to investors regarding future growth prospects and profit stability (Agustin et al., 2022; Ariansyah et al., 2023) . However, the dynamics of the relationship between economic growth and corporate financing decisions do not always show a consistent pattern across sectors, as several studies have found that the effect of GDP on leverage can be negative in developing countries as debt risk increases (Astadewi & Pramesti, 2022) .

The Significant Influence of Macro Fundamentals on Company Size

Based on the results of data analysis, the aggregate variable Macro_Factors, which reflects macroeconomic conditions, showed a significant influence on company size, with an original sample value of 0.520 and a t-statistic of 12.350. This finding indicates that improving

macroeconomic conditions encourage asset expansion and operational scale, along with increasing demand for healthcare services and corporate funding capacity. However, this increase in asset scale also brings its own challenges related to operational cost efficiency, where increased infrastructure maintenance and overhead costs can suppress profitability margins if not managed effectively (Riadani et al., 2024) . In addition, companies with large asset sizes are often viewed as more established entities and able to provide security for investors, thus facilitating access to external funding sources with lower capital costs (Nasir, 2021) .

Large companies have a better capacity to utilize funding diversification to minimize the risk of bankruptcy, thus being able to maintain stable financial performance despite facing economic fluctuations (Partiwi & Herawati, 2022; Yulimtinan & Atiningsih, 2021) . This finding is in line with signaling theory which explains that large-scale companies with good growth prospects will provide positive signals to the capital market, thereby increasing investor confidence and stock prices (Sa'diyah & Hariyono, 2022) . In addition, larger companies tend to be easier to manage operational costs, thus achieving a higher level of efficiency, which ultimately contributes to the stability of total asset value and the company's ability to generate profits sustainably (Masitah & Khalifaturofi'ah, 2023) . On the other hand, this study also found that capital structure has a significant effect on financial performance, where the use of high leverage can increase the financial burden and risks that must be borne by the company, thus potentially reducing profitability (Rejeki & Haryono, 2021; Sugianto & Meirisa, 2023) . In addition, large companies are considered to have a better capacity in managing capital structure and utilizing economies of scale for operational efficiency, thus being able to provide a positive signal to investors regarding the prospects for growth and profit stability in the future.

Capital structure influences the financial performance of healthcare sector companies on the IDX.

Based on the statistical analysis results in this study, Capital Structure is proven to have a significant and positive influence on the financial performance of healthcare sector companies listed on the Indonesia Stock Exchange (IDX). In this study, capital structure is measured through the debt to equity ratio (DER) and debt to assets ratio (DAR), which represent the company's leverage level. The *original sample value* of 0.408 with *a t-statistic* of 9.782 (higher than the critical value of 1.96) indicates that the influence is significant at the $\alpha = 0.05$ level, so the research hypothesis is accepted. This indicates that the use of debt in the capital structure, as long as it is within reasonable limits, can improve financial performance through the effect of financial leverage that increases *return on equity* (ROE).

However, the application of leverage must be managed prudently, considering the capital-intensive nature of the healthcare sector, which is sensitive to funding costs and is dependent on imported raw materials and medical technology. Increasing funding through debt allows companies to expand their asset base and production capacity to meet the growing demand for healthcare services (Handayani & Rahyuda, 2025) . This research is in line with the trade-off theory which states that companies can increase their value by using debt until they reach an optimal point, where the benefits of tax shields and tax savings still outweigh the costs of financial distress (Agustin et al., 2022) . Companies with greater funding capacity tend to be able to aggressively expand assets and diversify operations, thereby encouraging an increase in business scale and total assets owned (María & Widjaja, 2023) . The results of this study are in line with signaling theory, where management uses a higher proportion of debt to signal to investors that the company has positive future prospects and confidence in its ability to generate profits (Njo & Jonnardi, 2022) . Based on the results of research conducted by Sudiyatno et al., Sari & Sedana, Siregar et al., Nurhayati & Kartika, Susanti & Restiana, and Prasitadewi & Putra,

profitability has a positive effect on company value, while the capital structure projected by the Debt to Equity Ratio shows a significant positive effect on company value because any additional debt in the company's funding composition that is still below the optimal point will increase the company's value which is supported by trade-off theory (Kamila & Nurmatias, 2022) .
Capital Structure Influences Financial Performance of Healthcare Sector on IDX.

The results of the hypothesis test show a path coefficient value of 0.408 with a t-statistic of 9.782, which indicates that the use of debt can increase profitability as long as the benefits of tax efficiency and investment funding exceed the interest costs incurred (Kalventri & Mulyani, 2022; Kamila & Nurmatias, 2022) . This condition is in line with the trade-off theory which emphasizes the need for a balance between tax savings benefits and bankruptcy costs, where companies will continue to add debt as long as the marginal benefits of using debt exceed the marginal costs incurred (Aru & Widati, 2022; Kosali, 2022) . The results of this study are in line with Tika's research which states that high or low leverage does not affect the amount of corporate income tax, but companies that are able to manage debt effectively have the potential to increase their business results (Kalventri & Mulyani, 2022) .

Efficient use of debt and proper management, based on signaling theory, will be a positive signal to investors regarding the company's success (Kusuma & Rahyuda, 2022) . Investors will give a higher assessment to companies with high leverage because companies with poor performance are seen as not daring to take the risk of a large debt burden due to potential financial difficulties (Njo & Jonnardi, 2022) . This indicates that companies with good performance tend to dare to utilize higher leverage to maximize company value, as supported by signaling theory which states that a company's ability to fulfill its obligations indicates a positive financial condition to investors (Sawitri & Artini, 2022) .

This finding reinforces the view that optimal debt use not only functions as a funding instrument, but also as an internal correction mechanism that encourages management to improve operational efficiency in order to be able to meet interest and principal payment obligations on time (Clarinda et al., 2023; Noviyanti & Ruslim, 2021) . Thus, debt financing decisions play a crucial role in driving asset growth and operational expansion, which ultimately strengthens the company's size position in the market (Njo & Jonnardi, 2022; Salju & Widjaja, 2022) .

CONCLUSION

This study proves that capital structure and company size have a significant influence on the financial performance of healthcare companies listed on the Indonesia Stock Exchange for the 2021–2024 period. These findings indicate that optimal debt utilization can increase profitability through tax efficiency and financial leverage, while larger asset scales provide competitive advantages and easier access to funding for companies in the sector. Larger companies tend to have higher debt levels due to the need to finance large production scales, but still maintain an adequate proportion of equity to maintain financial stability . Practically, company management needs to develop a prudent funding strategy to maintain a balance between the use of debt and equity to maximize company value. However, it should be noted that excessive debt use can create negative perceptions from investors regarding the probability of bankruptcy risk, so management must consider the optimal limit in its funding policy . Furthermore, these findings suggest that healthcare companies need to mitigate macroeconomic risks that could impact capital costs and healthcare demand, so that financing decisions must be aligned with projected economic conditions to maintain long-term business continuity.

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