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THE EFFECT OF FINANCIAL RATIOS ON CHANGES IN NET INCOME IN THE HEALTH SUB-SECTOR IN IDX

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ABSTRACT

Profit changes are economic increases that occur during the accounting period and result in an increase in equity that is not a consequence of capital investment. These increases are in the form of forces, activities, and liabilities. This investigation proposes to investigate and evaluate the impact of liquidity, solvency, activity, and profitability on fluctuations in net income. This research was conducted at health sub-sector companies listed on the IDX in 2018-2022. Out of a total of 28 firms, 19 were used as samples for this study. This study found no statistically significant relationship between partial solvency and changes in net income. Changes in net income are significantly affected by liquidity, activity, and profitability, on the other hand. Alterations to net income are greatly influenced by the interplay of liquidity, solvency, activity, and profitability. The following ratios and statistics should be considered for future research: debt-to-equity, times interest-earned, gross profit margin, profit margin, return on equity, return on sales, return on capital employed, return on investment, and receivables turnover, inventory turnover, accounts payable, turnover, return on investment, and quick ratio.

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INTRODUCTION

Gains or losses in assets, reductions in liabilities, or increases in forces all contribute to changes in net income, which is the sum of all economic gains realized during an accounting period, (Sihura, 2021) this leads to an augmentation of equity not attributable to capital investment inputs. One of the primary objectives of the corporation in conducting its operations is to achieve maximal profit. According to (Ravasadewa & Fuadati, 2018) the company's earnings will be used toward several things, such enhancing the company's services or the situation overall. Reaching optimal profit might also indicate that the firm is doing well. Profitability is directly proportional to the quality of management. Success or failure may be gauged by providing corporate management with access to historical and current financial data. (Jumrawati, 2018).

The phenomenon contained in this study is one of the health issues that has increased recently, namely pollution in Jabodetabek, making various health products and services increasingly sought by the public. This certainly encourages positive prospects for health sector stocks. The Indonesia Stock Exchange (IDX) now lists 28 stocks from the Health Sub-Sector. Profit increase was strong for most of the Health Sub Sector's net profit. During the first half of 2023, as compared to the first half of 2022, the healthcare subsector as a whole saw a decline in profitability. Some see their losses grow, some see them shrink, and some see a complete flip in their profit to loss ratio (source: www.bisnis.com).

A greater liquidity ratio indicates stronger financial success as it indicates the company's capacity to pay its short-term debt. This can make creditors interested in providing short-term debt so that company activities run well and can affect changes in profit. Research related to liquidity with changes in earnings, among others, conducted by Daejeng Rosyana (2018), Triyonowati (2018), and Susanna Hutabarat (2013), states that Liquidity affects Net Income

Changes. Another issue with the findings of the research conducted by Mery Andayani (2016), Lilis Ardini (2016), and Danny Oktanto (2014), Muhammad Nuryatno (2014), state that Liquidity does not affect Net Income Changes.

The solvency ratio is a metric that reflects the extent to which a company's assets are financed by debt. It is defined as the company's capacity to repay long-term debt, including both principal and interest. A higher level of solvency suggests that creditors are willing to provide more loans. The company's operations can be facilitated by the funds provided by creditors. In order to ensure that the company's operations are efficient and profitable. Danny Oktanto (2014), Muhammad Nuryatno (2014), Daejeng Rosyana (2018), and Triyo Nowati (2018) conducted this study's results for the Solvency variable. Indicate that changes in net income are influenced by solvency. Another matter concerning the findings of Devi Arlina Wati's (2017) research. Khalisah Visiana Subekti (2017) and Susana Hutabarat (2013) assert that changes in net income are not influenced by solvency.

The activity ratio is a metric that assesses the efficiency of a business's utilization of its assets, including its resources. The more effective and efficient management of total assets by company management is indicated by high activity. The financial performance is enhanced as the activity level increases. This demonstrates that the organization can exploit its assets to augment sales, which in turn contributes to rising profits. Research conducted by Sindik Widati (2020) and Rita Pitri Yuliandri (2020) indicates that the Activity variable influences changes in net income. Additionally, the findings of research conducted by Novika Fery Panjaitan (2021), Kardi (2022), and Rio Jurniansyah (2021) indicate that activity does not influence changes in net income.

The profitability ratio evaluates an organization's profitability-generating capacity. Investment income and return on sales can demonstrate the efficacy of a company's management. The company's capacity to generate profits from sales and revenue is indicated by the increased profitability. The company's performance is enhanced by its profitability. This demonstrates that the organization can generate revenue without incurring losses by selling its products at a price that exceeds the cost of commodities sold. In terms of the Profitability variable, research conducted by Raka Pratama Ravasadewa (2016), Siti Rokhmi Fuadati (2016), and Ima Andriyani (2019) indicates that Profitability influences changes in net income. Another aspect of the research conducted by Devi Arlina Wati (2017), Kahlisah Visiana Subekti (2017), and Zahara Fatimah (2022), Kardi (2022), is that profitability does not influence changes in net income.

Table 1
Data on Net Income Changes in the Health Sub-Sector on the IDX

Name Company	2018	2019	2020	2021	2022
CARE	1,38	-0,11	-1,58	-0,58	-16,57
HEAL	0,27	1,76	0,87	0,55	-0,62
MIKA	-0,09	0,19	0,15	0,45	-0,17
PRDA	0,16	0,19	0,27	1,31	-0,40
PRIM	-0,14	-0,86	14,92	0,97	-0,71
SAME	-0,18	-2,94	2,92	-1,30	-0,93
SILO	-0,82	-21,57	-1,34	4,80	0,03
SRAJ	-0,05	-0,20	-0,80	-12,40	-1,26
DVLA	0,23	0,10	-0,26	-0,09	0,01
INAF	-0,29	-1,24	-0,99	-1363,21	10,40
KAEF	0,27	-0,96	0,11	16,13	-1,31
KLBF	0,02	0,02	0,09	0,16	0,06
MERK	7,04	-0,93	-0,08	0,83	0,36
PEHA	0,05	-0,22	-0,52	-0,77	1,53
PYFA	0,18	0,10	1,36	-0,75	49,23
SCPI	0,03	-0,11	0,93	-0,45	0,47
SIDO	0,24	0,21	0,15	0,34	-0,12
SOHO	0,48	1,39	0,45	2,19	-0,35
TSPC	-0,05	0,08	0,42	0,04	0,21
Total	8,74	-25,10	17,08	-1351,75	39,86
Average Change in Profit	0,46	-1,32	0,89	-71,14	2,09
Average Growth		-1,78	2,21	-72,03	73,23

Source: Data on IDX

According to the data in Table 1, the average value of profit changes in 2018 was 0.46. The average for 2019 was -1,32 while the growth in 2019 was -1,78. The average for 2020 is a change in profit of 0,89 while the growth in 2020 is 2,21. The average for 2021 was a change in profit of -71,14 while the growth was -72,23. The average for 2022 was 2,09 while the growth was

73,23. It can be concluded that every year the change in profit fluctuates, the lowest average change in net profit occurred in 2021 at -71,14 while growth occurred in 2021 at -72,03.

After reviewing the background of the aforementioned issues, researcher are interested in pursuing research with the working title "**The Effect of Financial Ratios on Changes in Net Income in the Health Sub-Sector on the IDX**".

LITERATURE REVIEW

A. Change in Net Profit

1. Definition of Net Profit Change

Obtaining optimal profit is one of the primary goals of the firm when it conducts its operations. The corporation plans to use its earnings for numerous endeavors, including enhancing the services it offers to customers. The achievement of optimal profit can also serve as an indicator of a company's successful performance (Ravasadewa and Fuadati, 2018).

2. Net Profit Change Indicator

The calculation of earnings growth involves subtracting the current period's profit from the previous period's profit and subsequently dividing the result by the profit of the previous period.(Andriyani, 2019), The formula used to predict earnings growth is:

$$\text{Change in Earnings} = \frac{\text{(Net Income Year t – Net Income Year t-1)}}{\text{(Net Income Year t-1)}}$$

B. Financial Ratio

1. Definition of Financial Ratios

Financial ratios are the most popular technique for assessing financial statements. These ratios help to analyze a company's financial position and operating outcomes by connecting numerous estimations included in the financial statements. Evaluation of management's performance and future prospects may be greatly aided by financial analysis, which encompasses financial ratio analysis as well as study of financial strengths and weaknesses (Widati and Yuliandri, 2020).

2. Types of Financial Ratios

a. Liquidity Ratio

To measure liquidity, this analysis makes use of the current ratio, which is a comparison of the components of current assets and liabilities. There are no absolute provisions on what level of CR is considered good or that must be maintained by a company because usually this CR level also depends on the type of business of each company (Andriyani, 2019).

$$\text{Current Ratio} = \text{Current Asset} / \text{Current Liabilities}$$

b. Solvency Ratio

One measure of a company's reliance on debt financing is the solvency ratio, which is comparable to the debt-to-asset ratio. Consider this ratio when you want to know how vulnerable a business is financially and whether it can pay its bills in the long run (Karini et al., 2024).

N this leverage ratio, the ratio used is the Debt to Asset Ratio. To figure it out, use the following formula :

$$\text{Debt to Assets Ratio} = \text{Total Liabilities} / \text{Total Asset}$$

c. Activity Ratio

The activity ratio is a measure of the efficiency with which a company's activities are managed. An improved ability to convert all assets into revenue is indicated by a greater TATO ratio. Company management will find TATO much more useful than creditors and owners do since it will reveal how well the business is using all of its assets (Andriyani, 2019).

$$\text{Total Assets Turnover} = \text{Net Sales} / \text{Total Assets}$$

d. Profitability Ratio

A corporation's inability to meet its short-term obligations is a potential risk that increases as its profitability level rises since a company with lesser liquidity can't pay its bills. Envision a scenario where the unfulfilled short-term commitments include salaries that still need to be paid to employees(Mardiyanto, 2008).

The net profit to asset value ratio illustrates the profitability of a business. To determine it, one uses the formula is :

Return On Assets = Net Income / Total Assets

The hypothesis that will be tested to determine the effect of the Independent variable (Financial Ratios) on the Dependent variable (Net Income Changes) is as follows:

H 1 : Financial Ratios have a significant effect on Net Income Changes of Health Sub-Sector companies listed on the IDX

RESEARCH METHODS

1. **Type of Research**

In this study, quantitative data with an associative method were utilized. In order to find the connection between several variables, the associative approach is used. (Waston and Erham Budi Wiranto, 2023).

2. **Data Source**

Data information is derived from secondary sources. Evidence, documents, or historical accounts that have been organized in published and unpublished archives are sometimes referred to as secondary data, also known as documentary data. The information utilized for this research comes from financial statements and yearly reports of health-related firms that were listed on the IDX in Indonesia from 2018 to 2022.(https://www.idx.co.id/id) journals and scientific articles as well as other official websites as support and help researchers find research data.

3. **Location and Time of Research**

This study relies on empirical data culled from the financial statements of Health Sub-Sector businesses listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022, as made available through the IDX's official website (https://www.idx.co.id/id). From March 2024 until August 2024, researchers worked on this study.

4. **Population and Sample**

A population is a category of things or people that researchers use to examine and make conclusions from because they share particular traits and features. A total of 28 businesses listed on the Indonesia Stock Exchange, all belonging to the Health Sub-Sector, and having published full financial reports for the period 2018–2022, constitute the population utilized in this study. As a non-probability sampling method, the sample is representative of the studied population in terms of both size and composition. Research purpose sampling, a technique for collecting samples from non-probability samples, is the research model that is used. Using the researcher's own criteria for population selection, researchers using the purpose sampling research model choose which studies to include in their samples. This study's criteria are these:

a. Health Sub-Sector listed on the Indonesia Stock Exchange in the period 2018-2022.
b. Health Sub-Sector listed on the Indonesia Stock Exchange which presents or publishes Financial Statements as of December 31, 2018-2022.
c. There are research data variables needed in the financial statements during the observation year in the Health Sub-Sector listed on the IDX for the period 2018-2022.

RESULTS AND DISCUSSION

a. Statistical Descriptive Test

Table 2
SPSS Output Results Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Net Profit Change	95	-1363.200	49.236	-13.80157	140.070714
CR	95	0.092	20.398	3.14078	3.192138
DAR	95	0.045	2.540	0.38846	0.311253
TATO	95	0.055	7.322	0.84634	0.798905
ROA	95	-0.279	0.921	0.07764	0.119217
Valid N (listwise)	95				

Source: Data processed by SPSS 25

Based on Table 2 above, namely the Descriptive Statistics Test work table, the authors can explain as follows :

1. Independent Variable :
   A. Table 2 displays the liquidity ratio as a consequence of the study. The descriptive statistics reveal that there were 95 samples, with a range of values from 0.092 to 20,398. The average value was 3,140, and the standard deviation was 3,192.
   B. The Solvency Ratio, as obtained from the descriptive data shown in Table 2, which shows 95 samples ranging from 0.045 to 2.540 with a mean of 0.388 and a standard deviation of 0.311.
   C. Activity Ratio based on descriptive data shown in Table 2 for 95 samples; the range of values is from 0.055 to 7,322, with 0.846 as the average and 0.798 as the standard deviation.
   D. Profitability Ratio as shown in Table 2 based on descriptive statistics, representing 95 samples with a range of -0.279 to 0.921, an average of 0.077, and a standard deviation of 0.1.
2. Table 2 displays the descriptive statistics for the variable dependent on change in net income. The values range from -1363,200 to 49,236 with a mean of -13,801 and a standard deviation of 140,070.

b. Classical Assumption test

1. Normality Test

To determine if the data in this study follows a normal distribution, the normalcy test was used. The Asymp test is utilized in the Kormogorov-Smirnov test. The following yields the sig (2-tailed) value:

Table 3
Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		95
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	138.69112255
Most Extreme Differences	Absolute	0.436
	Positive	0.347
	Negative	-0.436
Test Statistic		0.436
Asymp. Sig. (2-tailed)		0.000[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data processed by SPSS 25

Table 3 illustrates the results of the normalcy test using the one-sample Kolmogorov Smirnov test. The Kolmogorov Smirnov value is 0.000, which is

significant at the 0.05 level. This means the residual values did not pass the normality test or do not follow a normal distribution. In order to make the data regularly distributed and pass the normal test, researchers often use outliers as a means of data normalization.

Table 4
Normality Test Results After Outliers

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters[b]	Mean	0.0000000
	Std. Deviation	0.51265573
Most Extreme Differences	Absolute	0.126
	Positive	0.126
	Negative	-0.093
Test Statistic		0.126
Asymp. Sig. (2-tailed)		0.055[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Data processed by SPSS 25

With a significant residual value of 0.05 and a Kolmogorov-Smirnov value of 0.05 after removing outliers, we can conclude that the residual value follows a normal distribution or passes the normality test.

2. Multicollinearity Test

In order to determine if the independent variables in the regression model are correlated, the multicollinearity test is executed. The regression might be considered good if the independent variables do not correlate with one another. If the VIF value is less than 10, or if the Tolerance value is greater than 0.01, multicollinearity can be inferred.

Table 5
Multicollinearity Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.396	0.411		-0.962	0.341		
	Liquidity	-0.121	0.056	-0.360	-2.163	0.036	0.568	1.760
	Solvency	0.118	0.630	-0.037	-0.187	0.852	0.407	2.456
	Activity	0.637	0.213	0.391	2.993	0.005	0.924	1.082
	Profitability	4.022	1.757	0.393	2.289	0.027	0.536	1.870

a. Dependent Variable: Net Profit Change

Source: Data processed by SPSS 25

In the table above, we can see that the variables liquidity, solvency, activity, and profitability all had variance inflation factors (VIF) that were less than 10 and had tolerances greater than 0.1 based on the results of the multicollinearity test. The lack of a relationship between the independent and dependent variables follows logically.

3. Heteroscedasticity Test

The goal of the heteroscedasticity test is to determine if the residuals and variation are unequal across observations in the regression model.

Table 6
Heteroscedasticity Test Results

Coefficients							
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.977	0.282		3.466	0.001		
	Liquidity	-0.062	0.038	-0.292	-1.611	0.115	0.568	1.760
	Solvency	-0.425	0.432	-0.211	-0.985	0.330	0.407	2.456
	Activities	-0.083	0.146	-0.081	-0.571	0.571	0.924	1.082
	Profitability	-2.292	1.205	-0.355	-1.902	0.064	0.535	1.870

a. Dependent Variable: abs_res

Source: Data processed by SPSS 25

According to the data in the table, the liquidity variable had a significant value (p-value of0.115), solvency had a value of0.330, activity had a value of0.571, and profitability had a value of 0.064; no signs of heteroscedasticity were found in the regression analysis. It is evident from these results that the dependent variable, net profit change value, is unaffected by any of the independent factors; this is due to the fact that the significant probability value is greater than 0.05, or 5%.

c. Multiple Linear Regression Test

Table 7
Multiple Linear Regression Test Results

Coefficients								
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.396	0.411		-0.962	0.341		
	Liquidity	-0.121	0.056	-0.360	-2.163	0.036	0.568	1.760
	Solvency	-0.118	0.630	0.037	-0.187	0.852	0.407	2.456
	Activity	0.637	0.213	0.391	2.993	0.005	0.924	1.082
	Profitability	4.022	1.757	0.393	2.289	0.027	0.536	1.870

a. Dependent Variable: Net Profit Change

Source: Data processed by SPSS 25

From the table above, the following values are known:

1. Constant =-0.396
2. Liquidity =-0.121
3. Solvency =-0.118
4. Activity =0.637
5. Profitability =4.022

The following equation can be determined by plugging these data into a series of linear regression equations:

Net Profit Change = -0.396 - 0.121L - 0.118S + 0.637A + 4.022P + e

The following explains the aforementioned outcomes:

1. The result is -0.396 for the dependent variable, net profit change, if the independent variables, which include liquidity, solvency, activity, and profitability, are all set to 0 (constant).
2. With a negative (-) value of -0.121 for the liquidity regression coefficient, it may be inferred that the liquidity variable has a negative impact on changes in net income. Keeping all other independent variables constant will result in a drop in the net profit change variable, and vice versa.
3. It appears that the solvency variable has a negative coefficient on changes in net income, since the solvency regression coefficient value is negative (-) of -0.118. This means that the solvency variable will reduce the change in net profit if the other independent variables stay constant and vice versa.
4. If the activity variable has a positive coefficient on changes in net income, then the activity regression coefficient value of 0.637 is positive (+). Thus, activity variables will lead to larger changes in net income changes if all other independent factors remain constant, and vice versa.
5. A positive regression coefficient value of 4.022 for profitability suggests that the variable has a positive impact on changes in net income. This indicates that changes in net income will be more affected by the profitability variable, as long as the other independent factors stay the same, and the reverse is also true.

d. Hypothesis Test

1. Partial Test (T-Test)

Table 8
Partial Test Results (T-Test)

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-0.396	0.411		-0.962	0.341
	Liquidity	-0.121	0.056	-0.360	-2.163	0.036
	Solvency	-0.118	0.630	-0.037	-0.187	0.852
	Activity	0.637	0.213	0.391	2.993	0.005
	Profitability	4.022	1.757	0.393	2.289	0.027

a. Dependent Variable: Y6

Source: Data processed by SPSS 25

The following is the partial hypothesis test of each independent variable on the dependent variable, according to the data in the table:

a. The t-count value of the liquidity variable is -2,163, which indicates that liquidity has an effect on changes in net income as seen in the table above. The t-table value is -2,015 and the t-count value is compared after that. Given these outcomes, we know that -2,163 < -2,015 and that the significant value is 0.036, which is less than 0.05. We can deduce that Ho is rejected and Ha is accepted because the t-count is -2,163. It follows that fluctuations in net income are significantly and negatively impacted by the liquidity variable. In other words, a decline in liquidity will lead to a rise in adjustments to net income, and vice versa.
b. The t-count value of the solvency variable is -0.187, which indicates that solvency has an influence on changes in net income as shown in the table above. Next, we compare the t-count value to the t-table value, which is -2.015. The results show that -0.187> -2.015 and that the significant value is 0.852, which is more than 0.05. We can conclude that Ho is approved and Ha is

denied because the t-count is -0.187. It follows that variations in net income are unaffected by and unsignificantly influenced by the solvency variable.

c. Statistical tests reveal that the activity variable has a t-count value of 2.993, which indicates that activity has an effect on changes in net income as shown in the table above. Next, we compare the t-count number to the t-table value, which is 2.015. The findings show that the significant value is less than 0.05, namely 0.005, and that 2.993> 2.015. We can conclude that Ho is rejected and Ha is accepted because the t-count is 2.993. Given this, it's safe to say that the activity variable significantly and positively affects net income fluctuations. This indicates that there is a positive correlation between the two variables; that is, as activity rises, so do changes in net income, and when activity falls, so do changes in net income.

d. The statistical test findings reveal that the profitability variable has a t-count value of 2.289, which indicates that profitability has an effect on changes in net income as shown in the table above. The t-table value is 2.025, and the t-count value is compared to it. According to these findings, the significant value is less than 0.05 (specifically 0.027) and the value of 2.289 is greater than 2.015. With a t-count of 2.289, we can conclude that Ha is accepted and Ho is rejected. So, it's safe to say that profitability is a key component that significantly and positively influences net income changes. This indicates that there is a positive correlation between profitability and changes in net income, rather than a negative one; likewise, a decline in profitability is associated with a decline in net income.

2. Simultaneous Test (F Test)

Table 9
Simultaneous Test Results (F Test)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.743	4	1.186	5.114	0.002[b]
	Residual	9.970	43	0.232		
	Total	14.713	47			

a. Dependent Variable: Y6
b. Predictors: (Constant), Profitability, Activity, Liquidity, Solvability

Source: Data processed by SPSS 25

The preceding table provides the necessary information to compare the F-count value of 5.114 using the F-table calculation, assuming an error rate of 0.05. Based on the results, we may deduce that 5.114 is greater than 2.82 and 0.002 is less significant than 0.05. This indicates that variations in net income are significantly impacted by the variables of liquidity, solvency, activity, and profitability all at once.

3. Determination Coefficient Test

Table 10
Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.568[a]	0.322	0.259	1.48152

a. Predictors: (Constant), Profitability, Activity, Liquidity, Solvency

Source: Data processed by SPSS 25

According to the data in the table, the value of the coefficient of determination (R2), also known as R squared (R2), is 0.322. This number is derived from the measurement of the correlation coefficient (R), which is 0.568 multiplied by 0.568, which equals 0.322. Coefficient of determination (R2) = 0.322, or 32.2%,

is the magnitude of the coefficient. This data indicates that liquidity, solvency, activity, and profitability account for 32.2% of the variance in net income changes, whereas other variables or variables not included in the regression equation account for the remaining 68.8% (100% - 32.2% = 68.8%). R squared (R2) values typically fall on a scale from 0 to 1. Also, a weaker effect of the independent variable (X) on the dependent variable (Y) is indicated by a smaller coefficient of determination (R2) value. On the other hand, a higher influence is indicated by an R2 value that is closer to 1.

e. Discussion

1. Effect of Liquidity on Changes in Net Income

A company's liquidity ratio indicates its capacity to meet its short-term financial commitments. In light of the examined data, the liquidity variable displays a t-count value of 0.036, which is less than 0.05, and a t-table value of -2.163 < -2.015. Since the t-count is -2.163, we can deduce that Ha is accepted and Ho is rejected. The liquidity variable is thus a key factor influencing net profit fluctuations. In other words, a decline in liquidity will lead to a rise in adjustments to net income, and vice versa. This study's findings matter because, according to the data, the majority of health sub-sector businesses are able to meet their immediate financial commitments.

This is consistent with the research conducted by Susanna Hutabarat (2013), Triyonowati (2018), and Daejeng Rosyana (2018). Nevertheless, the findings of this study contradict the findings of research conducted by Mery Andayani (2016), Lilis Ardini (2016), Danny Oktanto (2014), and Muhammad Nuryatno (2014), which assert that liquidity does not influence modifications in net income.

2. The Effect of Solvency on Changes in Net Income

To evaluate the financial risk and capacity to satisfy long-term commitments, one must look at the solvency ratio, which reveals the extent to which a company is finance by debt. The tested data for the solvency variable reveals a t-count smaller than t-table -0.187> -2.015 and a significant value more than 0.05, standing at 0.852. Hence, we can accept Ho and reject Ha because the t-count is -0.187. To sum up, changes in net income are unaffected by and unimportant to the solvency variable. Accordingly, health sub-sector companies' net income is unaffected by changes in solvency, and the majority of these companies are unable to meet their long-term financial commitments.

This is consistent with the research conducted by Devi Arlina Wati (2017), Khalisah Visiana Subekti (2017), and Susanna Hutabarat (2016). Nevertheless, the findings of this study contradict the findings of Danny Oktanto (2014), Muhammad Nuryatno (2014), Daejeng Rosyana (2018), and Triyonowati (2018), which assert that solvency influences fluctuations in net income.

3. Effect of Activity on Changes in Net Income

Activity Ratio is a measure of the effectiveness of all assets in generating sales. The activity variable exhibits a t-count that exceeds the t-table, which is 2.993, and a significant value that is less than 0.05, specifically 0.005. This information is derived from the data that has been tested. Therefore, it is possible to deduce that the t-value is 2.993, indicating that Ha is accepted and Ho is rejected. Therefore, it can be inferred that the activity variable has a substantial impact on fluctuations in net income. This implies that the relationship between the two variables is not inverse; rather, if activity increases, changes in net income increase, and vice versa, if activity decreases, changes in net income decrease. The results of this activity are beneficial because certain health sub-sector companies are adept at utilizing all assets to generate sales.

This is consistent with the research conducted by Rita Putri Yuliandri (2020) and Sindik Widati (2020). Nevertheless, the findings of this study contradict the findings of research conducted by Zahara Fatimah (2022), Kardi (2022), and Rio

Jurniansyah (2021), which assert that activity does not influence changes in net income.

4. Effect of Profitability on Changes in Net Income

The profitability ratio is a measure of a company's net profit relative to its asset value. Profitability has a t-count of 2.289>2.015 and a significant value of 0.027, which is less than 0.05, according to the examined data. With a t-count of 2.289, we can conclude that Ha is accepted and Ho is rejected. Consequently, it is safe to say that profitability is a key component influencing net income fluctuations. This indicates that there is a positive correlation between profitability and changes in net income, rather than a negative one; likewise, a decline in profitability is associated with a decline in net income. enterprises in the health subsector can meet their short-term obligations thanks to the positive effects of this profitability research. Some of these enterprises have strong net profits.

Raka Pratama Ravasadewa (2016), Siti Rokhmi Fuadati (2016), and Ima Andriyani (2019) have all found similar results in their studies. Research by Zahara Fatimah (2022), Kardi (2022), Devi Arlina Wati (2017), and Khalisah Visiana Subekti (2017) found that profitability does not affect net income. This study contradicts their findings.

CONCLUSIONS

a. Conclusion

Conclusions drawn from the author's discussion of the impact of liquidity, solvency, activity, and profitability on net income changes in the health sub-sector on the IDX from 2018 to 2022, with a population of 28 companies and 19 samples utilized in the study, are as follows:

1. Liquidity has a significant effect on changes in net profit.
2. Solvency has no effect and is not significant to changes in net income.
3. Activity has a significant effect on changes in net income.
4. Profitability has a significant effect on changes in net profit.
5. Liquidity, Solvency, Activity, and Profitability together have a significant effect on changes in net income.

b. Advice

In accordance with the preceding conclusions, the following recommendations are proposed:

1. In light of the findings, it is expected that businesses will prioritize liquidity, solvency, activity, and profitability in order to reduce the likelihood of negative investor perceptions caused by fluctuations in net income.
2. To help investors make informed decisions, the research aims to provide a fundamental analysis of the company's internal and external factors, including liquidity, solvency, activity, and profitability. This analysis should take these factors into account and help investors predict high and low changes in net income.
3. The study's findings should inspire future researchers to refine their methods and make even better use of ratios like cash on hand, quick ratio, accounts receivable turnover, inventory turnover, accounts payable turnover, debt to equity ratio, times interest earned to total assets, gross profit margin, profit margin ratio, return on equity, return on sales, return on capital employed, etc.

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