

FINANCIAL PERFORMANCE FACTORS AFFECTING *INSOLVENCY* IN *BANKRUPTCY* WITH FIRM SIZE AS A MODERATING VARIABLE IN *APPAREL* AND *LUXURY GOODS* SUBSECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

The *apparel* and *luxury goods* subsector is highly vulnerable to changes in economic conditions, consumer purchasing power, fashion trends, and increasingly intense competition. These conditions may increase the risk of financial difficulties and *insolvency*, particularly when companies are unable to manage their financial resources and obligations effectively. This study aims to analyze the effect of profitability, liquidity, leverage, and activity ratios on *insolvency* in *apparel* and *luxury goods* companies listed on the Indonesia Stock Exchange during the 2020–2024 period, with firm size serving as a moderating variable. *Insolvency* is measured based on negative equity, which reflects a condition in which total liabilities exceed total assets. The study is motivated by the occurrence of negative equity among several companies in the subsector and by inconsistencies in previous research regarding the relationship between financial performance and financial difficulties. The research focuses on companies in the *apparel* and *luxury goods* subsector listed on the Indonesia Stock Exchange during the observation period. Profitability, liquidity, leverage, and activity are examined as independent variables, while firm size is incorporated to assess whether it strengthens or weakens the relationship between financial performance and *insolvency*. This study is expected to contribute to a better understanding of the financial factors associated with *insolvency* and provide relevant information for evaluating the financial condition and sustainability of companies in the *apparel* and *luxury goods* subsector.

Keywords: profitability, liquidity, leverage, activity, firm size, *insolvency*, *apparel* and *luxury goods*

INTRODUCTION

The global and national economic environment has experienced increasing uncertainty, particularly following the COVID-19 pandemic. The pandemic has generated liquidity pressures, changes in consumer consumption patterns, and disruptions in supply chains across various industries. Among the affected sectors, the *apparel* and *luxury goods* subsector, which forms part of the non-primary consumer goods industry, plays an important role in supporting economic activity through employment creation, the development of creative industries, increased product value added, and the growth of retail and trade activities. The development of the *apparel* and *luxury goods* industry also reflects changes in consumer purchasing power and broader economic conditions, making this subsector relevant for examining changes in consumer behavior and corporate financial sustainability (Hamdani *et al.*, 2023).

Despite its economic contribution, the *apparel* and *luxury goods* subsector faces considerable financial and operational challenges. Companies operating in this subsector are highly sensitive to changes in consumer preferences, rapidly changing fashion trends, and increasing competition from imported products and digital commerce platforms (Widiyasti & Sidharta, 2025; Fanandaru *et al.*, 2023). Changes in consumer preferences and economic instability may reduce product demand and subsequently affect corporate sales and profitability. In addition, companies in this industry generally require external financing to support working capital, inventory management, brand development, and market expansion. These conditions may create greater financial pressure, particularly when sales and profitability decline (Simanjuntak *et al.*, 2025).

Persistent financial pressure may eventually lead to *insolvency*. Conceptually, *insolvency* differs from *financial distress*. While financial distress generally reflects short-term financial difficulties, *insolvency* represents a more structural condition in which a company is unable to meet its financial obligations. In its more severe form, *insolvency* may develop into bankruptcy (*bankruptcy*) (Boratyńska, 2016; Haris & Sandra, 2023). In this study, *insolvency* is identified through negative equity, which occurs when total liabilities exceed total assets. This condition represents *balance-sheet insolvency*, indicating that the company's net assets are insufficient to cover its total obligations (Fachrudin, 2021; Luo et al., 2021).

The phenomenon of negative equity can be observed among several *apparel* and *luxury goods* companies listed on the Indonesia Stock Exchange during 2020–2024. The data presented in the study indicate that several companies recorded negative equity during the observation period. These include ARGO during 2022–2024, BATA in 2020, CNTX during 2020–2024, MYTX during 2020–2024, PBRX in 2020, POLY during 2020–2024, and RICY in 2020. The occurrence of negative equity indicates that these companies experienced a condition in which total liabilities exceeded total assets, thereby providing an important empirical basis for examining the determinants of *insolvency* within this subsector. One factor that may be associated with *insolvency* is profitability. Profitability reflects a company's ability to generate profit from its revenues, assets, or equity and is an important indicator of financial sustainability (Sharma & Mittal, 2024). Higher profitability generally indicates greater efficiency in utilizing company assets to generate earnings and may reduce the likelihood of financial difficulties (Kadarningsih et al., 2021). Previous research has reported that declining profitability can become an important indicator of the transition from *insolvency* toward bankruptcy (Tanaka et al., 2025), while higher profitability may provide companies with greater financial reserves to meet their obligations and reduce *insolvency* risk (Sofyan & Mahroji, 2024). However, other studies have reported that profitability does not always have a significant relationship with financial distress, suggesting that profitable companies may still experience financial difficulties when other financial factors are problematic (Theo, 2024; Widnyana et al., 2024).

Liquidity is another financial performance indicator that may influence *insolvency*. Liquidity reflects a company's ability to meet short-term financial obligations using its current assets. Companies with sufficient current assets are generally better positioned to fulfill their short-term obligations when they become due, thereby potentially reducing financial difficulties (Mustahidda et al., 2024). Previous studies have indicated that higher liquidity can reduce the probability of financial difficulties and *insolvency* (Mustahidda et al., 2024; Naibaho & Natasya, 2023). Nevertheless, other studies have found that liquidity does not significantly affect financial difficulties (Hasrina et al., 2025; Sariroh, 2021). This inconsistency suggests that a high liquidity ratio may not necessarily indicate effective financial management, particularly when current assets are accumulated but are not sufficiently productive. Leverage represents another important financial factor because it reflects the extent to which a company relies on debt to finance its activities and meet long-term obligations. Excessive dependence on debt may increase interest expenses and financial risk, particularly when a company has limited capacity to generate sufficient income to fulfill its obligations (Oktaviani & Lisiantara, 2022; E. W. Wulandari & Jaeni, 2021). Previous research has found a positive relationship between leverage and financial difficulties, indicating that higher debt levels may be associated with greater financial burdens (Betari & Hanif, 2023; Sugiharto & Putri, 2021). However, other studies have reported that leverage does not significantly affect financial difficulties because companies may still possess sufficient equity to meet their obligations (Gultom & Hasyim, 2025; Utama, 2023).

In addition to profitability, liquidity, and leverage, the efficiency of asset utilization may also be related to a company's financial condition. The activity ratio measures the effectiveness of a company in utilizing its assets to support operational activities (Kasmir, 2019). Efficient asset utilization can support sales generation and improve the company's ability to generate cash, potentially reducing financial difficulties (Sasongko et al., 2021). However, previous findings remain inconsistent. Some studies have reported a significant relationship between activity ratios and financial difficulties (Budhiarjo, 2024; Mulyani et al., 2025), whereas other studies have found that a company's ability to manage assets in daily operations cannot be used as a significant indicator of financial difficulties (Azky et al., 2021; Ummayah & Hertina, 2024). The inconsistent findings regarding the relationship between financial performance and *insolvency* indicate the importance of considering other characteristics that may influence these relationships. In this study, firm size is introduced as a moderating variable. Larger companies generally possess greater asset bases, broader financing access, more diversified assets, and more developed governance systems, which may provide greater capacity to respond to financial pressures (Suharti et al., 2020; Walela et al., 2022). Consequently, firm size may alter the relationship between profitability, liquidity, leverage, activity, and the risk of *insolvency*. Previous research has suggested that firm size can moderate the relationship between financial

performance ratios and financial difficulties (Suharti, 2023; Suharti *et al.*, 2020). Nevertheless, other research has found that firm size does not moderate the relationship between certain financial ratios and financial difficulties (R. A. Ningsih & Asandimitra, 2023).

The *apparel* and *luxury goods* subsector is therefore an important context for examining these relationships because its products are predominantly non-essential goods whose demand is strongly influenced by purchasing power, fashion trends, lifestyle, and consumer confidence. Companies in this subsector also face rapid changes in consumer preferences, inventory requirements, competition from global brands, and the expansion of digital commerce. These characteristics make financial performance an important consideration in assessing companies' ability to meet their obligations and avoid *insolvency*. Based on the phenomenon and inconsistencies identified in previous studies, this research examines the determinants of *insolvency* among *apparel* and *luxury goods* companies listed on the Indonesia Stock Exchange during 2020–2024. Specifically, this study analyzes the effects of profitability, liquidity, leverage, and activity on *insolvency* and examines the moderating role of firm size in these relationships. The study contributes to the existing literature by focusing on a specific subsector and an updated observation period, while using negative equity as an indicator of *insolvency*. The findings are expected to provide a more comprehensive understanding of the relationship between financial performance and *insolvency* in companies operating in the *apparel* and *luxury goods* subsector.

LITERATURE REVIEW

Signalling Theory

Signalling Theory is based on the assumption that, under conditions of information asymmetry, parties possessing more complete information will send signals to parties with less information in order to reduce uncertainty and enhance credibility (Spence, 1973). In the context of publicly listed companies, financial reports serve as the primary medium for communicating signals to investors, creditors, and other stakeholders. Accounting information disclosed through annual reports and interim financial statements functions as a market communication mechanism for assessing a company's prospects and risks (Kieso *et al.*, 2020; Scott, 2015). Financial ratios derived from these reports provide numerical representations of a company's economic condition and serve as early indicators of business continuity (*going concern*) (Subramanyam, 2014).

In the context of this study, the financial performance of *apparel & luxury goods* companies, as reflected in profitability, liquidity, leverage, and asset efficiency, constitutes an important signal conveyed to stakeholders regarding the company's *insolvency* risk (Ross, 1977). When profitability declines, liquidity decreases, leverage increases, and activity ratios weaken simultaneously, these conditions provide negative signals indicating an increased risk of the company's inability to meet its financial obligations, which may ultimately be reflected in a higher level of *insolvency*. Furthermore, firm size also plays a role within the framework of signalling theory. Larger companies generally have greater capabilities to convey positive signals to the market through their reputation, reporting transparency, and broader access to financing sources, thereby moderating the impact of declining financial performance on *insolvency* risk.

Agency Theory

Agency Theory explains how two parties, namely the owners as the principal and management as the agent, cooperate to communicate information between the parties in a clear and honest manner to support the decision-making process. The contract that establishes the agency relationship allows the principal to delegate authority to the agent to make decisions regarding operational and financial matters, with the expectation that the agent will act solely in the best interests of the principal. However, in practice, differences between the two parties in terms of interests, motivations, and access to information often create tensions known as the agency problem (Jensen & Meckling, 1976).

In positioning firm size as a moderating variable in this study, Agency Theory provides a strong theoretical foundation. As a company becomes larger, its operational and organizational needs become increasingly complex, making monitoring more difficult and potentially increasing the occurrence of moral hazard. Nevertheless, larger companies generally have greater financial resources, making it easier for them to incur substantial monitoring costs (D. A. Ningsih & Wuryani, 2021). In other words, although larger companies face greater agency-related complexity, they also have greater capacity to invest in more effective monitoring systems, such as more sophisticated audit committees, Big Four auditors, and stronger corporate leadership structures. These more effective monitoring

mechanisms can reduce undesirable managerial behavior and, consequently, mitigate the impact of declining financial performance on increasing insolvency risk (R. A. Ningsih & Asandimitra, 2023).

Insolvency in Bankruptcy

Insolvency in bankruptcy refers to a financial condition that serves as a gateway to bankruptcy and, at the same time, constitutes an outcome that can be predicted using financial performance ratios and *financial distress* models. In contemporary literature, *insolvency* is generally defined as a condition in which a company's liabilities or obligations substantially exceed its assets, or when the company is unable to fulfill its financial obligations when they become due. The term "*balance-sheet insolvency*" is also used to describe this condition (Altman & Hotchkiss, 2006; Jackson & Wood, 2013, as cited in Voda *et al.*, 2021). *Insolvency* represents an economic and financial condition indicating that a company is unable to meet its financial obligations, thereby increasing the likelihood of bankruptcy (Voda *et al.*, 2021). Therefore, *insolvency in bankruptcy* can be characterized as: (1) a condition in which liabilities exceed assets and/or debt obligations; (2) a legal-economic phase that may lead to reorganization or liquidation; and (3) the final outcome of a process of declining financial performance that can be detected at an early stage through financial stress models based on financial ratios and firm-specific factors.

Financial Performance Factors Affecting *Insolvency in Bankruptcy*

Profitability

Profitability refers to a company's ability to generate profits from its operational activities and reflects the effectiveness of management in utilizing assets and resources. Common profitability measures include *Return on Assets* (ROA), *Return on Equity* (ROE), and *Net Profit Margin* (NPM). Higher profitability generally indicates stronger cash-generating capacity and a greater ability to meet financial obligations, thereby reducing the risk of *insolvency in bankruptcy*. From the perspective of *Signalling Theory*, profitability provides important information to investors and creditors regarding a company's financial health. Conversely, declining profitability may constitute a negative signal that increases financing costs and limits access to external funding. From the perspective of *Agency Theory*, ineffective management and unresolved agency conflicts may reduce profitability and increase financial vulnerability. Previous studies have reported significant relationships between profitability and financial distress, although other studies have found no significant effect. In this study, profitability is measured using ROA because it reflects the effectiveness of a company in utilizing its total assets to generate profits.

Liquidity

Liquidity represents a company's ability to meet its short-term financial obligations when they become due. It reflects the availability and convertibility of current assets into cash and is commonly measured using the *Current Ratio* (CR), *Quick Ratio*, *Cash Ratio*, and *Operating Cash Flow Ratio*. Strong liquidity generally indicates that a company has sufficient current assets to meet short-term obligations and therefore faces a lower risk of *insolvency*. Under *Signalling Theory*, strong liquidity sends a positive signal to investors and creditors regarding the company's ability to manage working capital, whereas declining liquidity may generate negative market reactions and restrict access to financing. From an *Agency Theory* perspective, excessive cash holdings may encourage managerial overinvestment, while financial pressure may lead to opportunistic behavior such as risk shifting, asset substitution, and underinvestment. Previous studies have produced inconsistent findings regarding the effect of liquidity on financial distress. This study uses the *Current Ratio* as the proxy for liquidity.

Leverage

Leverage indicates the extent to which a company relies on debt to finance its operations and investments. Higher leverage generally implies greater financial risk because the company must bear larger interest and principal repayment obligations. In the context of *insolvency in bankruptcy*, highly leveraged companies may face greater difficulty fulfilling their obligations when operating income or cash flows decline. *Signalling Theory* suggests that increasing leverage can serve as a negative signal to investors and creditors, particularly when companies approach debt covenant constraints and experience limited access to additional financing. Meanwhile, *Agency Theory* highlights conflicts between shareholders and creditors that may result in *asset substitution*, *underinvestment*, and excessive extraction of company assets or dividends. Empirical findings regarding leverage and financial distress remain inconsistent, with some studies identifying a significant relationship and others finding no significant effect. This study measures leverage using the *Debt to Equity Ratio* (DER), with higher DER indicating greater dependence on debt financing and potentially higher *insolvency* risk.

Activity

The activity ratio measures the effectiveness and efficiency of a company in utilizing its assets to generate sales. Common activity measures include *Total Asset Turnover* (TATO), *Inventory Turnover*, *Receivable Turnover*, *Fixed Asset Turnover*, and the *Cash Conversion Cycle*. Efficient asset utilization can increase revenue and cash flow, strengthening the company's ability to meet its financial obligations. Conversely, low asset utilization may indicate inefficient or unproductive assets and increase the risk of *insolvency*. Under *Signalling Theory*, activity ratios provide signals regarding the quality of operational and asset management. A high TATO may indicate effective utilization of assets, whereas a persistent decline may serve as an early warning signal of financial difficulties. From an *Agency Theory* perspective, managerial *overinvestment* and inefficient diversification may reduce asset utilization efficiency. Previous studies have reported inconsistent findings concerning the relationship between activity and financial distress. In this study, activity is measured using TATO because it reflects the effectiveness of total asset utilization in generating sales.

Firm Size

Firm size represents the scale of a company in terms of its resources, operational capacity, and financial strength. It can be measured using indicators such as total assets, total sales, and market capitalization. In this study, firm size serves as a moderating variable because companies of different sizes may experience different levels of *insolvency* risk even when they have similar levels of profitability, liquidity, leverage, and operational efficiency. Larger companies generally have broader access to financing, greater resources, and stronger external monitoring mechanisms. Under *Signalling Theory*, firm size can serve as a positive signal of corporate credibility and financial capacity, while larger companies may also have greater ability to absorb negative signals arising from deteriorating financial performance. From an *Agency Theory* perspective, larger companies are subject to more intensive external monitoring, which may constrain opportunistic managerial behavior and reduce financial vulnerability. Previous research has produced inconsistent findings regarding the moderating role of firm size. This study therefore examines whether firm size strengthens or weakens the relationship between financial performance and *insolvency in bankruptcy*.

METHOD

This study employed a quantitative approach using a causal-associative research design, which aims to analyze causal relationships between variables, whereby one variable influences another. Sugiyono (2020) explains that causal-associative research is used to analyze the relationship between variables or examine how one variable affects another. Therefore, this approach is appropriate for evaluating the effect of financial performance on *insolvency in bankruptcy*, with firm size serving as a moderating variable. The study also utilized secondary data obtained from the annual financial reports of companies in the *apparel & luxury goods* subsector that are listed on the Indonesia Stock Exchange (IDX). The research design was explanatory in nature and employed a quantitative approach, in which the data were presented in numerical form and analyzed using statistical methods to address the research questions (Sugiyono, 2020).

Operational Definition of Variables

Operational definitions of variables are necessary to establish clear and measurable boundaries for the concepts being examined, thereby enabling them to be empirically tested. Sugiyono (2020) explains that an operational definition involves determining a construct so that it can be transformed into a measurable variable. It describes the specific methods employed by researchers to operationalize a construct, allowing subsequent researchers to replicate the testing process using the same methods or to improve the methods used to measure the construct.

Insolvency in Bankruptcy

Insolvency in bankruptcy is the dependent variable, proxied by negative equity, which occurs when total liabilities exceed total assets, resulting in negative net worth (Brigham & Daves, 2014). The variable is measured using a dummy variable: 1 = negative equity for two consecutive years; 0 = otherwise.

Profitability

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Profitability is the independent variable (X1), measured using *Return on Assets* (ROA), which indicates a company's ability to generate net income from its total assets (Kasmir, 2019).

$$ROA = \text{Net Income} / \text{Total Assets} \times 100\%$$

Liquidity

Liquidity is the independent variable (X2), measured using the *Current Ratio* (CR), which indicates the company's ability to meet short-term obligations using its current assets (Kasmir, 2019).

$$CR = \text{Current Assets} / \text{Current Liabilities} \times 100\%$$

Leverage

Leverage is the independent variable (X3), measured using the *Debt to Equity Ratio* (DER), which reflects the proportion of debt relative to shareholders' equity (Sudana, 2015).

$$DER = \text{Total Liabilities} / \text{Total Equity} \times 100\%$$

Activity

Activity is the independent variable (X4), measured using *Total Asset Turnover* (TATO), which indicates the efficiency of a company in utilizing its total assets to generate sales (Kasmir, 2019).

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

Firm Size

Firm size is the moderating variable (Z), measured using the natural logarithm of total assets (*Ln Total Assets*). This transformation is commonly used in empirical financial research to reduce the skewness of total asset data and improve statistical estimation (Dang et al., 2018).

$$\text{Firm Size} = \text{Ln (Total Assets)}$$

Table 1. Operationalization of Research Variables

Research Variable	Indicator	Measurement	Scale
<i>Insolvency in Bankruptcy</i> (Y)	Negative Equity	1 = Negative equity for two consecutive years; 0 = otherwise.	Nominal
Profitability (X ₁)	<i>Return on Assets</i> (ROA)	$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$	Ratio
Liquidity (X ₂)	<i>Current Ratio</i> (CR)	$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Ratio
Leverage (X ₃)	<i>Debt to Equity Ratio</i> (DER)	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$	Ratio
Activity (X ₄)	<i>Total Asset Turnover</i> (TATO)	$TATO = \frac{\text{Net Sales}}{\text{Total Assets}}$	Ratio
Firm Size (Z)	Ln Total Assets	Ln (Total Assets)	Ratio

Descriptive Statistics

Descriptive statistics are used to provide an overview of the research data by presenting the minimum, maximum, mean, and standard deviation of each variable. According to Ghazali (2018), descriptive statistics summarize the characteristics of data through measures such as the mean, standard deviation, variance, maximum, and minimum values, enabling researchers to understand the basic characteristics of the data before conducting further hypothesis testing.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis uses the mean, standard deviation, minimum, maximum, sum, kurtosis, and skewness to provide an overview or description of the data (Ghozali, 2018). The results of the descriptive statistical analysis are as follows:

Table Descriptive Stastic

	Observation	Minimum	Maximum	Mean	Std. Deviation
Profitability	90	-29,27	6.06	-3.53	8,74
Likuidity	90	10,04	551,69	155,52	145,57
Leverage	90	-792.34	703,32	73,46	326,42
Aktivty	90	0,11	1,66	0,81	0,43
Firm Size	90	26,12	30.04	27.92	1.13
<i>Insolvency</i>	90	0.00	1.00	0.18	0.39

Source: EViews Data Processing Results

Based on the table presented, there were a total of 90 observations derived from the financial reports published by companies in the *apparel & luxury goods* subsector listed on the Indonesia Stock Exchange (IDX) during 2020–2024. In this study, the independent variables consisted of profitability (X1), liquidity (X2), leverage (X3), and activity (X4), while firm size (Z) served as the moderating variable and *insolvency* (Y) as the dependent variable.

Based on the descriptive statistical results, several variables exhibited a wide range of values. Profitability had a minimum value of –29.27% and a maximum value of 6.06%, while leverage had a minimum value of –792.34% and a maximum value of 703.32%. Liquidity also showed substantial variation, with a minimum value of 10.04% and a maximum value of 551.69%. In contrast, the activity and firm size variables exhibited relatively more homogeneous data distributions compared with the other variables.

Partial Test (*Wald Test*)

The partial test (*Wald Test*) is used to examine the individual effect of each independent variable on the dependent variable in the logistic regression model. The test is conducted by examining the *Wald* statistic and the probability (*p-value*) of each variable. The decision criterion is that if the probability (*p-value*) is < 0.05, the independent variable is considered to have a significant effect on the dependent variable, and the corresponding hypothesis is accepted.

Table Result *Wald Test*

Variabel	Coeff	Wald	Prob.	Exp (B)
Profitabilitas	0,011930	0,25	0,802	1.012
Likuiditas	-0,562454	-1,10	0.046	0.570
Leverage	-0,000151	-0,95	0.343	0,999
Aktivitas	5,537605	2,09	0.037	254.068
Constant	10,57920	0,28	0.380	39308.65

Source: EViews Data Processing Results

CONCLUSION

This study aimed to analyze the effects of profitability, liquidity, leverage, and activity on *insolvency in bankruptcy*, with firm size serving as a moderating variable, among companies in the *apparel and luxury goods* subsector listed on the Indonesia Stock Exchange (IDX) during 2020–2024. Based on the data analysis and discussion, profitability, measured by *Return on Assets* (ROA), did not have a significant effect on the likelihood of *insolvency in bankruptcy*. This indicates that a company's ability to generate profits does not directly determine the likelihood of experiencing negative equity for two consecutive years, as profitability may still be influenced by accumulated losses, financing policies, and the allocation of profits for operational and investment needs. In contrast, liquidity, measured by the *Current Ratio* (CR), had a significant negative effect, indicating that stronger short-term

debt-paying capacity was associated with a lower likelihood of *insolvency in bankruptcy*. Leverage, measured by the *Debt to Equity Ratio* (DER), did not have a significant effect, suggesting that the level of debt alone did not directly determine the likelihood of negative equity. Meanwhile, activity, measured by *Total Asset Turnover* (TATO), had a significant positive effect, indicating that greater asset utilization did not necessarily correspond to an improvement in the company's equity position.

Regarding the moderating role of firm size, measured by the natural logarithm of total assets, firm size significantly moderated the relationship between profitability and the likelihood of *insolvency in bankruptcy*. However, firm size did not significantly moderate the effects of liquidity, leverage, or activity on *insolvency in bankruptcy*. These findings indicate that differences in company size did not substantially alter the relationships between short-term debt-paying capacity, debt utilization, or asset utilization and the likelihood of negative equity for two consecutive years. Overall, the findings suggest that the role of firm size as a moderating variable varies across financial performance factors, rather than uniformly strengthening or weakening their relationships with *insolvency in bankruptcy*.

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