The Effect of Current Ratio, Total Asset Turnover and Net Profit Margin on Profit Growth in the Companies Listed on The Indonesia Stock Exchange

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Abstract

This study seeks to investigate the impact of Currency Ratio, total asset turnover, and net margin profile on profit growth in banking firms listed on the Indonesia Stock Exchange from 2018 to 2022. This study involves quantitative analysis based on secondary data collected from financial reports of banking companies listed on the Indonesia Stock Exchange for a period of 5 years. The data in this study was analyzed using SPSS Statistics version 21. This research unveils that the current ratio positively impacts profit growth, while total asset turnover also affects profit growth. Net profit margin positively impacts profit growth, and there is a simultaneous positive relationship with current ratios. Examining the impact of total asset turnover and net margin profile on the profit growth of companies listed on the Indonesia Stock Exchange.

Introduction

The current pace of growth in the business world is quite remarkable. This is evident from the growing competition among companies and the emergence of new businesses, which is altering the dynamics of the business environment. Every business strives for financial gain, also known as profit. Profits are essential for the company's sustainability and growth. Generating profit is the primary goal of any business. A company may see a rise or fall in profit from one year to the next. This represents a shift in earnings. When navigating through fluctuations in a company's profit margins, it becomes crucial to make accurate predictions to anticipate and understand the shifts in profits.

Profit growth is a metric that characterizes companies with promising growth opportunities ahead. Businesses can accelerate their development and growth while also achieving a high profit response rate. To calculate profit growth, subtract this year's net profit from last year's net profit, then divide by last year's net profit.

Profit expansion can also be impacted by the scale of a business. Profit expansion is crucial in assessing a company's ability to effectively utilize its resources for generating income. The concept of earnings quality refers to the earnings presented in financial reports that reflect the true financial performance of the company. It is crucial for investors, potential investors, financial analysts, and other users of financial information to have a clear understanding of the true quality of earnings (Septiano et al., 2022).

A company that is financially successful indicates its strong position and promising future, which in turn enhances the company's profit quality. As company profits continue to grow, it is expected that the overall quality of the profits will also improve. The study conducted by Sulastri & Lestari (2021). Profit growth, as stated by Maryati & Siswanti (2022), refers to the increase in financial reports on an annual basis. Based on the information provided, it can be
inferred that profit growth represents the rise in net profit as a percentage earned by the company within a year, reflecting the company's financial performance in asset management.

Investing in the current era of globalization has made it easier for investors to gain profits with a wide range of choices. Investors conduct investment analysis (Nurminda et al., 2017). This study evaluates financial performance by analyzing financial ratios. Examining financial ratios is a commonly used method due to its efficiency in evaluating financial performance. In a study conducted by Ropita & Hermuningsih (2017).

Assessing a company's liquidity and its capacity to settle short-term debt with current assets is a common practice through the Current Ratio. Consequently, a lower current ratio value suggests risk, whereas a higher current ratio suggests an abundance of current assets. As per Firly et al. (2023), the current ratio assesses a company's ability to meet short-term obligations with current assets. By analyzing the company's current assets and liabilities, it can assess the ratio level.

The Current Ratio is a financial metric that assesses a company's ability to meet its short-term financial obligations. When examining financial reports, the Current Ratio offers only a basic analysis and should be supplemented with thorough qualitative analysis. Financial ratios can be utilized to identify the factors that impact share prices, as discussed by Ropita & Hermuningsih (2017). This ratio illustrates the variance between the company's cash flow and short-term cash income assets and current debt obligations. Damayanti & Erdkhadifa (2023) A lower Curren Ratio value indicates a decreased likelihood of the company being able to meet its short-term obligations. One way to assess a company's ability to cover its immediate debts is by looking at the Current Ratio (Oktavia et al., 2022). Siregar & Bahar, (2020) The Current Ratio (CR) serves as a valuable metric for evaluating a company's financial health by indicating the extent to which current assets can satisfy current liabilities.

The Total Asset Turnover ratio evaluates a company's capacity to grow by effectively utilizing its assets to generate the desired sales outcomes (Yunita et al., 2020). Firman & Salvia (2021) define Total Asset Turnover as the measurement of asset turnover based on sales volume. A higher total asset turnover ratio indicates a more efficient utilization of all assets in generating sales. Assets can be turned over more quickly to generate profits, indicating increased efficiency. Maximizing the utilization of resources to drive revenue.

Put simply, boosting the total asset turnover can lead to a rise in sales volume when the amount of assets remains constant. Cahyaningrum & Aziz (2020) The Total Asset Turnover Ratio (TATO) is a metric utilized to assess the efficiency of utilizing all assets owned by a company and determine the revenue generated per unit of assets. Linda (2022) explain that the Total Asset Turnover ratio measures how effectively management utilizes investments to generate sales. In general, a high Total Asset Turnover value suggests an improvement in the company's financial health. This indicates that the management of the company can utilize its assets effectively to drive sales.

The net profit margin represents the profitability of business operations by calculating the percentage of income or sales remaining after deducting costs, including taxes, and comparing it with sales volume. It is crucial to consider profitability as it indicates the company's future prospects. The higher the profit value, the more secure the company's position will be (Salma & Hermuningsih, 2022). According to Choiriyah et al. (2020), a higher net profit margin indicates that the company has maximized sales, while a lower margin suggests the opposite. Profitability refers to a company's capacity to generate profits within a specific timeframe (Hermuningsih, 2012). Here is an examination of the company's financial stability. If it generates higher profits relative to its sales value, it indicates a higher level of efficiency.
Net Profit Margin is defined by Choiriyah et al. (2020) as the ratio that measures the percentage of net profit on net sales. This ratio is determined by dividing net profit by net sales. The net profit is determined by subtracting one value from another. Profit before income tax refers to the operational profit combined with other income and profits, then reduced by other expenses and losses.

Net profit margin reflects a company's ability to generate profits relative to its business volume. A higher net profit margin indicates greater efficiency. It was found that an increased profit margin is preferable as it indicates the company is generating good profits on the cost of goods sold. Nariswari & Nugraha (2020) also supports this idea.

According to Estininghadi (2018), the current ratio does not have a significant impact on profit growth. Research conducted by Silviani et al. (2023) suggests that the current ratio positively impacts profit growth. Research conducted by Ningsih & Utiyati (2020) indicates that the current ratio negatively impacts profit growth. According to Syahida & Agustin (2021), Total Asset Turnover positively impacts profit growth.

A study conducted by Nugraha & Susyana (2021) revealed that the net profit margin in cement industry companies from 2014-2018 positively influences profit growth. In their study, highlighted the impact of Net Profit Margin on profit growth. The research conducted by Purnamasari (2023) indicates that Net Profit Margin has a partial impact on profit growth, whereas the study by Purnamasari (2023) suggests that Net Profit Margin has a partial effect on net profit growth. This research aims to examine how the currency ratio impacts profit growth in banking companies listed on the Indonesian Stock Exchange from 2018 to 2022.

Methods

The author utilized quantitative research to analyze the events by relying on secondary data. This study involves 1 dependent variable and 3 independent variables. This study focuses on banking companies that are listed on the Indonesia Stock Exchange from 2018 to 2022. Secondary data involves gathering information through interviews with external sources and examining relevant documentation related to the research subjects. In a study conducted by Usman & Akbar (2020) This secondary data is derived from the financial information of banking companies listed on the Indonesian Stock Exchange.

Results and Discussion

Normality test

The normality test is utilized to assess whether the independent variable and dependent variable, or both, follow a normal distribution. Examining the data normality in this study involves observing a probability plot graph.

When considering whether to make a decision based on the Normal P-Plot, the key factors to consider are: When the data points are distributed around the diagonal line and align with the diagonal direction, it indicates that the regression assumption of normality is met. When the data points deviate from the diagonal line and do not align with its direction, the regression fails to satisfy the normality assumption.

Here is the probability plot graph of the research data processed using SPSS version 20.0 testing:
Figure 1. Normal P-Plot Graph Normality Test

As shown in Figure 1, the results of the normality test indicate that the distribution of points deviates from the diagonal line, suggesting that the data is not normally distributed and does not meet the criteria of the normality test. However, analyzing graphs alone may lead to inaccuracies, prompting researchers to conduct statistical analysis to determine if the data deviates from a normal distribution. Here are the findings from the statistical normality test:

<table>
<thead>
<tr>
<th>Normal Parameters</th>
<th>Mean Std. Deviation</th>
<th>Absolute</th>
<th>Positive</th>
<th>Negative</th>
<th>Kolmogorov-Smirnov Z</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Unstandardized Residuals</td>
<td>54</td>
<td>0E-7</td>
<td>,85517524</td>
<td>1,981</td>
<td>,001</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Test distribution is Normal.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Calculated from data.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After analyzing the statistical test results of the normality test in Table 4.12, it is evident that the Asymp. Sig. (2-tailed) value is 0.001. Given that 0.001 is less than 0.005, it can be inferred that the data does not follow a normal distribution statistically. Suggests that data which is not normally distributed can be transformed to achieve normality. To ensure that the data aligns
with the assumptions of classical tests, both the dependent and independent variables are transformed into Log10 form. Following that, the traditional assumptions were reexamined. Here are the outcomes of examining traditional assumptions post data manipulation:

**Figure 2. Normal P-Plot Graph Normality Test**

Source: SPSS 20 Research Results

According to the test results displayed in Figure 2 Normal P-Plot Graph, the data indicates a tendency for the distribution of data points to align with the diagonal line. This suggests that the data has successfully passed the normality test depicted in the graph. However, the researchers conducted statistical analysis to determine if the data exhibited a normal distribution. Here are the findings from the statistical normality test:

**Table 2. Normality Test with Kolmogorov-Smirnov**

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>54</td>
</tr>
<tr>
<td>Normal Parameters a, b</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>0E-7</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>19153822</td>
</tr>
<tr>
<td>Absolute</td>
<td>,136</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>,134</td>
</tr>
<tr>
<td>Negative</td>
<td>-.136</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1,000</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.270</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

a. Test distribution is Normal.
b. Calculated from data.
After examining the statistical test results of the normality test in Table 2, it is evident that the Asymp. Sig. (2-tailed) value is 0.270. Given that 0.270 is greater than 0.005, it suggests that the data follows a normal distribution statistically. Therefore, data analysis or hypothesis testing can be conducted using appropriate statistical methods.

**Multicollinearity Test**

Testing for multicollinearity involves examining the VIF (Variance Inflation Factor) and tolerance values to identify issues within the regression. This test for multicollinearity is utilized to examine if the regression has identified a strong correlation among the independent variables. A robust regression model should ideally not exhibit correlation among the independent variables. The key provisions in this scenario are: (1) If VIF > 10 then there is a multicollinearity problem; (2) If VIF < 10 then there is no multicollinearity problem.

Table 3. Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Zero-order</td>
<td>Partials</td>
</tr>
<tr>
<td>Log10 Current Ratio</td>
<td>0.030</td>
<td>0.069</td>
</tr>
<tr>
<td>Log 10 Total Assets Turnover</td>
<td>0.024</td>
<td>0.092</td>
</tr>
<tr>
<td>Log 10 Net Profit Margin</td>
<td>0.262</td>
<td>0.308</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

Based on the information provided in table 3, the VIF values for each variable are as follows: Log10 Current Ratio 3.470, Log10 Total Assets Turnover 1.177, and Log10 Net Profit Margin 1.292. Therefore, it can be inferred that the VIF value falls within the specified tolerance limits and is not greater than 10, indicating the absence of multicollinearity issues in this model.

**Heteroscedasticity Test**

Conducting a heteroscedasticity test helps identify any variance inequality among the residuals in a regression model. Discovering the occurrence or non-occurrence through casual methods. Less formal ways to test for heteroscedasticity include using the graphic method and Scatterplot method. Simple examination: (1) If there is a certain pattern, such as dots forming a regular pattern, then heteroscedasticity has occurred; (2) If there is no clear pattern and the points are spread out irregularly, then heteroscedasticity does not occur.
Based on Figure 3, the scatterplot indicates the absence of heteroscedasticity in the data for the regression model. This conclusion is drawn from the lack of a discernible pattern and the even distribution of points above and below the Y axis at 0.

**Autocorrelation Test**

The autocorrelation test was carried out to determine whether in the linear regression model there was a confounding correlation in period $t$ with confounding errors in period $t-1$ (previously). The autocorrelation test in this study was carried out using a run test. Basic analysis: (1) If the significance value (Asymp. Sig) is > 0.05 then the data does not experience autocorrelation; (2) If the significance value (Asymp. Sig) < then the data experiences autorelation.

<table>
<thead>
<tr>
<th>Test Runs</th>
<th>Unstandardized Residuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Value $^a$</td>
<td>-.01000</td>
</tr>
<tr>
<td>Cases &lt; Test Value</td>
<td>27</td>
</tr>
<tr>
<td>Cases &gt;= Test Value</td>
<td>27</td>
</tr>
<tr>
<td>Total Cases</td>
<td>54</td>
</tr>
<tr>
<td>Number of Runs</td>
<td>25</td>
</tr>
<tr>
<td>$Z$</td>
<td>-.824</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.410</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

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*a. Median*
According to the test results in Table 4, the autocorrelation test indicates that the value of Asymp. The two-tailed obtained significance level is greater than 0.410. With a value of 0.410 greater than 0.05, it is evident that the data successfully passed the autocorrelation test.

Multiple regression and Moderated Regression Analysis (MRA) are the statistical methods employed to test hypotheses. This aligns with the problem formulation, objectives, and hypotheses of the research. Connecting a single dependent variable with multiple independent variables in a predictive model is the essence of multiple linear regression. Conducting multiple regression tests to analyze the impact of Current Ratio, Total Assets Turnover, and Net Profit Margin on Profit Growth. Utilizing Moderated Regression Analysis helps determine if the moderating variable Company Size can influence the relationship between the Independent variables (CR, TATO, and NPM) on the dependent variable (Profit Growth). Describing the relationship between these variables can be achieved through the following equation:

\[ Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e \]

Where:

\( Y \) = Dependent Variable (Profit Growth)
\( a \) = Constant
\( \beta \) = Direction Number or Regression Coefficient
\( X_1 \) = Independent Variable 1 (Current Ratio)
\( X_2 \) = Independent Variable (Total Assets Turnover)
\( X_3 \) = Independent Variable 3 (Net Profit Margin)
\( e \) = Standard error

Table 5. Multiple Linear Regression Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Q</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>,238</td>
<td>,126</td>
<td>1,893</td>
<td>.064</td>
</tr>
<tr>
<td>Log10 Current Ratio</td>
<td>,083</td>
<td>,171</td>
<td>,122</td>
<td>,483</td>
</tr>
<tr>
<td>Log10 Total Assets Turnover</td>
<td>,124</td>
<td>,191</td>
<td>,095</td>
<td>,648</td>
</tr>
<tr>
<td>Log10 Net Profit Margin</td>
<td>,143</td>
<td>,063</td>
<td>,349</td>
<td>2,264</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

a. Dependent Variable: Log 10 Profit Growth

Based on table 5 above, the multiple linear regression equation that can be formulated is as follows:

\[ \text{Log10 } Y = 0.238 + 0.083 \text{Log10 CR} + 0.124 \text{Log10 TATO} + 0.143 \text{Log10 NPM} \]

Information:

a. The value "\( a \)" = 0.238 indicates that if the independent variable value consisting of Log10 Current Ratio (\( X_1 \)), Log10 Total Assets Turnover (\( X_2 \)), and Log10 Net Profit Margin (\( X_3 \)) is constant or does not change (the same with zero), then Profit Growth (\( Y \)) is 0.238.
b. The regression coefficient value __ __
c. The regression coefficient value __ __
d. The regression coefficient value __ __

Based on the regression above, it can be seen that if the coefficient is positive, it means there is a positive relationship between (X) and (Y) and if the coefficient is negative, it means there is a negative relationship or in the opposite direction between (X) and (Y).

Hypothesis testing

Partial Testing (t Test)

The t statistical test is carried out to test whether the independent variable (X) individually has a significant relationship or not with the dependent variable (Y). To simplify the t statistical test, researchers use SPSS 20.0 management so the t test results can be obtained as follows:

Table 6. t test results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Q</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.238</td>
<td>.126</td>
<td>1.893</td>
<td>.064</td>
</tr>
<tr>
<td>Log10 Current Ratio</td>
<td>.083</td>
<td>.171</td>
<td>.122</td>
<td>.483</td>
</tr>
<tr>
<td>Log 10 Total Assets Turner</td>
<td>.124</td>
<td>.191</td>
<td>.095</td>
<td>.648</td>
</tr>
<tr>
<td>Log 10 Net Profit Margin</td>
<td>.143</td>
<td>.063</td>
<td>.349</td>
<td>2.264</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

a. Dependent Variable: Log 10 Profit Growth

For the t test criteria, look for a level of α = 5% with degrees of freedom (nk) or 54 - 4 = 50 (n is the number of cases and k is the independent variable). The results obtained for the t table are 2.008. From the table above it can be seen:

Effect of Current Ratio \( (X_1) \) on Profit Growth \( (Y) \)

The t test is used to analyze whether the Current ratio individually has a significant relationship or not with Profit Growth. From the results of SPSS version 20 data management, the following t test results can be obtained:

t \_ count = 0.483

t \_ table = 2.008

From the decision control criteria:

\( H_0 \) is accepted if: \(-2.008 \leq t \_ count \leq 2.008 \)

\( H_0 \) is rejected if: \( t \_ count > 2.008 \) or \( -t \_ count < -2.008 \) Test form:

\( H_0 : r_s = 0 \), meaning there is no relationship between Current Ratio \( (X_1) \) and Profit Growth \( (Y) \)

\( H_a : r_s \neq 0 \), meaning there is a relationship between Current Ratio \( (X_1) \) and Profit Growth \( (Y) \).

Based on the description above, it can be concluded that \( H_a : r_s \neq 0 \) or
H0 : rs = 0.483, meaning there is a relationship between Current Ratio (X1) and Profit Growth

![Figure 4. Hypothesis Testing Criteria](source)

Source: SPSS 20 Research Results

Based on partial test results, the influence of the Current Ratio on Profit growth was obtained at 0.483 < 2.008 and had a significance value of 0.631 > 0.05. Based on these results, it can be concluded that H0 is accepted, this shows that the Current Ratio has a positive and insignificant effect on Profit Growth in Retail Companies Listed on the Indonesia Stock Exchange (BEI).

**The Effect of Total Assets Turnover (X2) on Profit Growth (Y)**

The t test is used to analyze whether Total Assets Turnover individually has a significant relationship or not with Profit Growth. From the results of SPSS version 20 data management, the following t test results can be obtained:

$t_{count} = 0.648$

$t_{table} = 2.008$

From the decision control criteria:

H0 is accepted if: $-2.008 \leq t_{count} \leq 2.008$

H0 is rejected if: $t_{count} > 2.008$ or $-t_{count} < -2.008$

Test form:

H0 : rs = 0, meaning there is no relationship between Total Assets Turnover (X2) and Profit Growth (Y)

Hα : rs ≠ 0, meaning there is a relationship between Total Assets Turnover (X2) and Profit Growth (Y).

Based on the description above, it can be concluded that Hα : rs ≠ 0 or H0 : rs

= 0.648, meaning there is a relationship between Total Assets Turnover (X2) and Profit Growth (Y)

![Figure 5. Hypothesis Testing Criteria 2](source)

Source: SPSS 20 Research Results
Based on partial test results, the effect of Total Assets Turnover on Profit growth was obtained at $0.648 < 2.008$ and had a significance of $0.520 > 0.05$. Based on these results, it can be concluded that $H_0$ is accepted, this shows that Total Assets Turnover has a positive and insignificant effect on Profit Growth in Retail Companies Listed on the Indonesia Stock Exchange (BEI).

**Influence of Net Profit Margin ($X_3$) on Profit Growth ($Y$)**

The t test is used to analyze whether Net Profit Margin individually has a significant relationship or not to Profit Growth. From the results of SPSS version 20 data management, the following t test results can be obtained:

$t_{count} = 2.264$

$t_{table} = 2.008$

From the decision control criteria:

$H_0$ is accepted if: $-2.008 \leq t_{count} \leq 2.008$

$H_0$ is rejected if: $t_{count} > 2.008$ or $-t_{count} < -2.008$

Test form:

$H_0: rs = 0$, meaning there is no relationship between Net Profit Margin ($X_3$) and Profit Growth ($Y$)

$H_a: rs \neq 0$, meaning there is a relationship between Net Profit Margin ($X_3$) and Profit Growth ($Y$).

Based on the description above, it can be concluded that $H_a: rs \neq 0$ or $H_0: rs = 2.264$, meaning that there is a relationship between Net Profit Margin ($X_3$) and Profit Growth ($Y$).

![Figure 6. Hypothesis Testing Criteria 4](image)

**Simultaneous Testing (F Test)**

The F test or what is called a simultaneous significant test is intended to see the overall ability of the independent variables, namely Current Ratio ($X_1$), Total Assets Turnover ($X_2$), and Net Profit Margin ($X_3$) to be able or able to explain the behavior or diversity of Profit Growth ($Y$). The F test is also intended to find out whether all variables have a regression coefficient equal to zero. The following are the statistical results of the test:

<table>
<thead>
<tr>
<th>Table 7. F Test Results</th>
</tr>
</thead>
</table>

*Source: SPSS 20 Research Results*

Based on partial test results, the effect of Net Profit Margin on Profit growth is obtained at $2.264 > 2.008$ and has a significance of $0.028 < 0.05$. Based on these results, it can be concluded that $H_0$ is rejected ($H_a$ is accepted), this shows that Net Profit Margin has a positive and significant effect on Profit Growth in Retail Companies Listed on the Indonesia Stock Exchange (BEI).
ANOVA\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.217</td>
<td>4</td>
<td>.054</td>
<td>1.368</td>
<td>.259</td>
</tr>
<tr>
<td>Residual</td>
<td>1,944</td>
<td>49</td>
<td>.040</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,162</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

a. Dependent Variable: Log10 Profit Growth

b. Predictors: (Constant), Log10 Net Profit margin, Log10 Total Assets Turnover, Log 10 Current Ratio

For the F test criteria, it is carried out at the level \( \alpha = 5\% \) with the F value for \( F_{\text{table}} = nk-1 = 54-4-1 = 49 \) which is 2.56. Decision making criteria: \( H_0 \) is rejected if \( F_{\text{count}} > 2.56 \) or \( F_{\text{count}} < -2.56 \) \( H_0 \) is accepted if \( F_{\text{count}} \leq 2.56 \) or \( F_{\text{count}} \geq -2.56 \) Test form: \( H_0 : \beta = 0 \), There is no influence between \( X_1, X_2, \) and \( X_3, \) on \( Y \). \( H_0 : \beta \neq 0 \), There is an influence of \( X_1 \),

Based on the description above, it can be concluded that \( H_0 : \beta \neq 0 \) or \( H_0 : \beta = 1.368 \), meaning that there is an influence between \( \text{Current Ratio} (X_1) \), \( \text{Total Assets Turnover} (X_2) \), and \( \text{Net Profit Margin} (X_3) \) on Profit Growth (Y).

\[ \text{Figure 7. Hypothesis Testing Criteria 5} \]

The calculated F value is 1.368 with a significance of 0.259. The calculated F value (1.368) < \( F_{\text{table}} \) (2.56) and the significant value (0.259) > the probability value (0.05). From the SPSS calculation results above, it shows that \( H_0 \) is accepted, meaning that this shows that there is a positive and insignificant influence between \( \text{Current Ratio} \), \( \text{Total Assets Turnover} \), and \( \text{Net Profit Margin} \) on Profit Growth in Retail Companies listed on the Indonesia Stock Exchange (BEI).

Coefficient of Determination (R-Square)

The coefficient of determination (R\(^2\)) functions to see the extent to which all independent variables can explain the dependent variable. The coefficient of determination values are 0 and 1. If the coefficient of determination is stronger, this means that the independent variables provide almost all the information needed to predict variations in the dependent variable. Meanwhile, a small value of the coefficient of determination (adjusted R\(^2\)) means that the ability of the independent variables to explain the dependent variables is limited. The following are the results of statistical testing:
Table 8. Determination Coefficient Test

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.317 a</td>
<td>.100</td>
<td>.027</td>
<td>.19920</td>
</tr>
</tbody>
</table>

Source: SPSS 20 Research Results

a. Predictors: (Constant), Log10 Net Profit argin, Log10 Total Assets Turnover, Log 10 Current Ratio,

b. Dependent Variable: Log10 Profit Growth

The higher the Adjust R-Square value, the better the regression model, because it means the ability of the independent variable to explain the dependent variable is also greater. The values obtained through the determination test are as follows:

\[ D = ARS \times 100\% \]
\[ = 0.027 \times 100\% \]
\[ = 2.7\% \]

Based on the results of the coefficient of determination test in the table above, the Adjust R-Square value above is known to be 2.7%, which means that around 2.7% of the Profit Growth variable is explained by the Current Ratio, Total Assets Turnover, and Net Profit variables. The margin for Profit Growth in Retail companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period is 2.7% and the remaining 97.3% is influenced by other variables not examined in this research.

The Effect of Current Ratio on Profit Growth

Observing the Coefficients column in model 1, it is evident that the tcount value (0.483) is less than the ttable value (2.008), with a corresponding significance value of 0.631. The significance value exceeds 0.05, specifically 0.631 > 0.05. Since tcount falls within the H0 acceptance region, we accept the null hypothesis (H0). It can be inferred that the Current Ratio (X1) and Profit Growth (Y) have a positive correlation. There is a positive and insignificant relationship between the Current Ratio and Profit Growth in banking companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. It's important to note that the company's capacity to meet short-term obligations doesn't necessarily ensure the presence of working capital to sustain operational activities, potentially leading to unexpected profit outcomes. You can find this information in Table 3.

It indicates that the current assets produced are excessive. Table 4.4 displays 5 companies with current assets below average, while Table 4.5 shows 6 companies with current liabilities below average. Current liabilities are more inclined to decrease compared to current assets. Having an abundance of current assets can negatively impact profit growth since they usually yield lower returns than fixed assets.

According to Knudsen et al. (2020), companies often find themselves with surplus funds, which goes against common expectations. For the organization, this endeavor is unfavorable as the operational tasks are not being executed efficiently. The company's operational activities may not be carried out optimally by management, particularly in utilizing available funds. It is clear that this will have a significant impact on the overall profitability that will be produced.

According to the findings of this study, the Current Ratio shows a positive but insignificant impact on Profit Growth. Research conducted by (Agustina, 2016; Gunawan, 2023) supports...
the conclusion that the current ratio has no significant effect on Profit Growth. Contrary to the findings of (Mahaputra, 2012); Sa'diyah & Kemarauwana, 2015); Wargainangin, 2015), who determined that the current ratio does indeed have a notable impact on Profit Growth.

The Effect of Total Assets Turnover on Profit Growth

In model 1, the Coefficients column shows that the tcount value is 0.648, which is less than the ttable value of 2.008. Additionally, the significance value is 0.520. The significance value exceeds 0.05, specifically 0.520 > 0.05. Since tcount falls within the acceptance region of H0, we accept the null hypothesis.

Therefore, it can be inferred that Total Assets Turnover (X2) is positively correlated with Profit Growth (Y). It is evident that there is a limited impact of Total Assets Turnover on Profit Growth in banking companies listed on the Indonesia Stock Exchange (BEI) from 2018 to 2022. This is attributed to the inefficiency in utilizing total assets to drive sales and profits. You can find this information in Table IV.6 Based on the research findings, it is evident that Total Assets Turnover decreased, leading to a subsequent decrease in Profit Growth. Rachaman et al. (2023) Suggests that the total assets turnover ratio is a way to measure how efficiently a company is utilizing all its assets. It is crucial to maximize the use of all company assets to avoid incurring unnecessary expenses due to idle capacity.

Management struggles to fully leverage the company's resources to drive sales. To ensure that the company's assets are not being effectively managed.

According to the findings of this study, Total Assets Turnover has a positive but statistically insignificant impact on profit growth. Research conducted by Nariswari & Nugraha (2020) found that Total Assets Turnover did not have a significant impact on Profit Growth. Contrary to this, findings from studies conducted by (Mahaputra, 2021); Sa'diyah & Kemarauwana, 2020) suggest that total assets turnover plays a crucial role in influencing Profit Growth.

The Influence of Net Profit Margin on Profit Growth

In model 1's Coefficients column, it is evident that the tcount value of 2.264 exceeds the ttable value of 2.008, with a corresponding significance value of 0.028. The significance value is less than 0.05, or specifically 0.028 < 0.05. Since tcount falls within the rejection region of H0, we accept the null hypothesis. Therefore, it can be inferred that Net Profit Margin (X3) is positively correlated with Profit Growth (Y). It is evident that a strong and meaningful relationship exists between Net Profit Margin and Profit Growth in banking companies listed on the Indonesia Stock Exchange (BEI) from 2018 to 2022. This is attributed to the decline in Net Profit Margin caused by rising net sales that surpass operational costs and tax obligations.

Based on the research findings, it is evident that the Net Profit Margin has declined, leading to a subsequent decrease in Profit Growth. The decrease in the net profit margin was a result of the company's inability to boost sales despite rising operational and interest expenses, leading to suboptimal profit generation. This less-than-ideal profit situation may be attributed to the presence of 6 companies with net sales below the average, as shown in table 4.13, along with 3 companies having significantly high operational expenses and another 3 companies burdened with tax amounts exceeding the average.

Support for this idea can be found in Harahap et al. (2020), which explains that the net profit margin reflects a company's profit generation and management effectiveness. The company has struggled to lower operational expenses to boost profits.

According to the findings of this study, the Net Profit Margin positively influences profit growth. The research conducted by (Sa'diyah & Kemarauwana, 2020); Mahaputra (2021);
Nariswari & Nugraha, 2020; Wargainangin, 2019) supports the conclusion that net profit margin significantly impacts Profit Growth. Contrary to this, Agustina (2020) found that net profit margin does not significantly impact profit growth.

The Influence of Current Ratio, Total Assets Turnover, and Net Profit Margin on Profit Growth

Within the Anova column model, the Fcount is 1.368 which is less than the Ftable value of 2.56, with a corresponding significance value of 0.259. The significance value exceeds 0.05, specifically 0.259 > 0.05. Since Fcount falls within the H0 acceptance region, we accept the null hypothesis (H0). It indicates that the Current Ratio (X1), Total Assets Turnover (X2), and Net Profit Margin (X3) do not have a significant impact on Profit Growth (Y).

Based on the analysis, it can be inferred that there is a dual impact of both positive and insignificant nature among Current Ratio (X1), Total Assets Turnover (X3), and Net Profit Margin (X3) on Profit Growth (Y). Therefore, based on this case, it can be inferred that the Current Ratio (X1), Total Assets Turnover (X2), and Net Profit Margin (X3) collectively exhibit a positive correlation and do not yield a substantial impact on Profit Growth (Y) within retail companies listed on the Indonesian Stock Exchange (BEI). This aligns with the studies carried out by Hamidu (2013) and Adisetiawan (2012), but contradicts the findings of Wargainangin (2015), Agustina (2016), Gunawan (2023) who suggested that they collectively impact profit growth significantly.

Company size moderates the relationship between Current Ratio, Total Assets Turnover, and Net Profit Margin on Profit Growth

It is evident that in model 2's Coefficients column, there is a significant value of 0.416. The calculated value of 0.416 is greater than the critical value of 0.05. Based on the analysis, it appears that the Company Size variable does not have a moderating effect on the relationship between financial ratios (Current Ratio, Total Assets Turnover, and Net Profit Margin) and Profit Growth in retail companies listed on the Indonesia Stock Exchange from 2018 to 2022. Profit growth is not determined by the size of a company. Profit growth depends on the manager's skill in optimizing all owned assets. It is evident from the data that having large total assets does not always translate to higher profits, as smaller companies can also be profitable. Businesses with limited resources can increase their earnings by effectively and efficiently managing all their assets. Aligned with the study carried out by Agustina (2016). Contrary to this, Wargainangin (2015) found that company size acts as a moderating variable.

Conclusion

After analyzing data from banking companies listed on the Indonesia Stock Exchange (BEI) from 2018 to 2022, it was found that the Current Ratio has a positive but insignificant impact on Profit Growth. After analyzing data from banking companies listed on the Indonesia Stock Exchange (BEI) from 2018 to 2022, it was found that there is a positive but insignificant relationship between Total Assets Turnover and Profit Growth. After analyzing data from banking companies listed on the Indonesia Stock Exchange (BEI) between 2018 and 2022, it was found that there is a strong and positive relationship between Net Profit Margin and Profit Growth. After analyzing data from banking companies listed on the Indonesia Stock Exchange (BEI) between 2018 and 2022, it was found that there is a positive but insignificant relationship between Current Ratio, Total Assets Turnover, Net Profit Margin, and Profit Growth. After analyzing data from banking companies listed on the Indonesia Stock Exchange (BEI) from 2018 to 2022, it was found that company size does not have a moderating effect on the relationship between financial ratios (Current Ratio, Total Assets Turnover, and Net Profit Margin) and Profit Growth.
References


