

## Studia Economica : Jurnal Ekonomi Islam

Issn (Online) : 2809-4964, Issn (Print) : 2303-2618

journal homepage: <http://jurnal.uinsu.ac.id/index.php/studiaeconomica>

### The Effect of Current Ratio, Net Profit Margin, and Total Asset Turnover on Profit Growth (PT Indofood Cbp Sukses Makmur Tbk)

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\*Correspondence: [amelianura1101@gmail.com](mailto:amelianura1101@gmail.com) | Submission Received : 23-02-2024; Revised : 05-03-2024; Accepted : 19-03-2024; Published : 19-03-2024

#### Abstract

*This study was conducted to determine several factors that affect earnings growth. Is a quantitative study using multiple linear regression analysis research methods. The data used is secondary data with a population of quarterly financial reports of PT Indofood cbp Sukses Makmur Tbk obtained a sample of 40 samples of financial statements. The results of this study indicate that: Current ratio has no significant effect on earnings growth with a value of ( $T_{hitung} = 1.243 < T_{tabel} = 2.021$ ). As for profitability, the significance is greater than  $\alpha$  ( $Sig. > \alpha$ ), namely  $0.222 > 0.05$ . Net profit margin has a significant positive effect on earnings growth, namely ( $T_{hitung} = 2.309 < T_{tabel} = 2.021$ ). For profitability, the significance is smaller than  $\alpha$  ( $Sig. < \alpha$ ), namely  $0.027 < 0.05$ . total asset turnover has a significant effect on profit growth with a value of ( $T_{hitung} < T_{tabel}$ ), namely  $6.565 < 2.021$ . As for profitability, the significance value is smaller than  $\alpha$  ( $Sig. < \alpha$ ), namely  $0.000 < 0.05$ . Current ratio, net profit margin, and total asset turnover simultaneously affect profit growth with the results of the  $F_{count}$  value of 16.305 significance of 0.001. The  $F_{tabel}$  value is 2.839, a decision can be made to reject  $H_0$  which states that there is no influence between other variables. Accept  $H_a$  which states the influence between other variables because the  $F_{count}$  value is greater than  $F_{tabel}$  ( $16.305 > 2.839$ ), the profitability value of significance is smaller than the  $\alpha$  value ( $Sig. < \alpha$ ), namely  $0.001 < 0.05$ .*

**Keywords:** Current Ratio, Net Profit Margin, Total Asset Turnover, Profit Growth

#### Abstrak

Penelitian ini dilakukan untuk mengetahui beberapa faktor yang mempengaruhi pertumbuhan laba. Merupakan penelitian kuantitatif menggunakan metode penelitian analisis regresi linear berganda. Data yang digunakan adalah data sekunder dengan populasi laporan keuangan triwulan PT Indofood cbp Sukses Makmur Tbk diperoleh sampel sebanyak 40 sampel laporan keuangan. Hasil penelitian ini menunjukkan bahwa: *Current ratio* tidak berpengaruh signifikan terhadap pertumbuhan laba dengan nilai ( $T_{hitung} = 1,243 < T_{tabel} = 2,021$ ). Adapun untuk profitabilitas signifikansi lebih besar dari  $\alpha$  ( $Sig. > \alpha$ ) yaitu  $0,222 > 0,05$ . *Net profit margin* berpengaruh positif signifikan terhadap pertumbuhan laba yaitu ( $T_{hitung} = 2,309 < T_{tabel} = 2,021$ ). Untuk profitabilitas signifikansi lebih kecil dari  $\alpha$  ( $Sig. < \alpha$ ) yaitu  $0,027 < 0,05$ . *total asset turnover* memiliki pengaruh yang signifikan terhadap pertumbuhan laba dengan nilai ( $T_{hitung} < T_{tabel}$ ) yaitu  $6,565 < 2,021$ . Adapun untuk profitabilitas nilai signifikansi lebih kecil dari  $\alpha$  ( $Sig. < \alpha$ ) yaitu  $0,000 < 0,05$ . *Current ratio, net profit margin, dan total asset turnover* berpengaruh

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secara simultan terhadap pertumbuhan laba dengan hasil nilai  $F_{hitung}$  sebesar 16,305 signifikansi sebesar 0,001. Nilai  $F_{tabel}$  adalah 2,839, dapat diambil keputusan tolak  $H_0$  yang menyatakan tidak ada pengaruh antara variabel-variabel lain. Terima  $H_a$  menyatakan pengaruh antara variabel-variabel lain dikarenakan nilai  $F_{hitung}$  lebih besar dari  $F_{tabel}$  ( $16,305 > 2,839$ ), nilai profitabilitas signifikansi lebih kecil dari nilai  $\alpha$  ( $Sig. < \alpha$ ) yaitu  $0,001 < 0,05$ .

**Kata kunci:** Current Ratio, Net Profit Margin, Total Asset Turnover, Pertumbuhan Laba.

### INTRODUCTION

The current era of globalization and the rapid development of technology in all fields that are increasingly developing, companies are required to be able to manage important functions within the company effectively and efficiently, so that companies can excel in the competition faced in the current era of globalization and make the business world more competitive. Economic development is closely related to investment activities in a country in the form of a capital market. With the existence of the capital market, it is easier for companies to raise and obtain funds. Capital owners can invest their funds in companies that are healthy and well managed. One sign that the capital market is growing is marked by the increasing number of companies that become public companies (Christianty & Latuconsina, 2023).

Earnings growth is an important indicator for predicting a company's future performance and financial condition. One of the key factors contributing to profit is the growth rate of sales. A stable or positive increase in sales indicates that a company is effectively utilizing its resources. PT Indofood cbp Sukses Makmur Tbk, with the ICBP stock code, has experienced significant growth in consolidated net sales. In 2021, the company's net sales increased by 22% to IDR 56.80 trillion compared to IDR 46.64 trillion in the previous year. This growth in sales also resulted in a 27% increase in operating profit, rising from IDR 9.20 trillion to IDR 11.66 trillion. These positive results indicate that the company has been successful in optimizing its resources and achieving substantial growth in revenue and profitability (Devi et al., 2020).

The company also recorded an operating profit margin that rose to 20.5% from 19.7%. Despite the surge in revenue and operating profit, the company's profit for the year attributable to owners of the parent entity actually fell 3% to IDR 6.39 trillion, compared to the same period in 2020 of IDR 6.59 trillion. The decline in net profit resulted in the company's net profit margin narrowing to 11.2% in 2021, compared to around 14.1% in 2020. If excluding non-recurring items and foreign exchange differences, core profit increased 18% to IDR 6.85 trillion from IDR 5.82 trillion (Farmawati et al., 2023).

This research aims to analyze the influence of financial factors on profit growth. Various analytical techniques are available to assess a company's financial condition and profit growth prospects. One approach to determine the usefulness of financial information in predicting profit growth and future financial conditions is through the analysis of financial ratios such as Current Ratio, Net Profit Margin, and Total Asset Turnover. These ratios provide insights into the balance between different financial aspects and can indicate the overall financial health of a company. By performing ratio analysis, analysts can gain an understanding of the strengths and weaknesses of a company's financial position (Gustika & Irawati, 2023).

Ratio analysis is one way that is widely used to analyze performance in a company. This analysis is based on historical data presented in financial statements, both balance sheets, income statements, and cash flow statements. So that information can be obtained about the relationship and measurement of the company's business performance. Ratio analysis is used to

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determine financial characteristics, such as the level of fluency in the short term or liquidity, the ability to meet long-term obligations or solvency, the level of profit or profitability and the level of activity of the company (Haralayya, 2021).

Based on the explanation of the background, the purpose of this study is to test and analyze the effect Current Ratio on Profit Growth at PT Indofood cbp Sukses Makmur Tbk for the period 2012-2021. Net Profit Margin on Profit Growth at PT Indofood cbp Sukses Makmur Tbk for the 2012-2021 Period. Total Asset Turnover on Profit Growth at PT Indofood cbp Sukses Makmur Tbk for the 2012-2021 Period. Current Ratio, Net Profit Margin, and Total Asset Turnover affect profit growth at PT Indofood cbp Sukses Makmur Tbk for the period 2012-2021.

## LITERATURE REVIEW

### 1. Signalling Theory

This text discusses Spence's signal theory, which states that companies provide signals to investors through information, reflecting the company's condition and influencing investor decisions. Investors interpret and analyze this information to determine whether it is a positive or negative signal. Positive signals lead to increased investor response and the ability to differentiate between high-quality and low-quality companies, while negative signals decrease investor interest and may lead to a decline in company value. The specific signal discussed in this text is debt issuance. Companies adjust their debt levels based on their ability to meet obligations. Profitable companies tend to increase debt because the additional interest payments can be offset by pre-tax profits. Conversely, companies with low profit predictions opt for lower levels of debt. High levels of corporate debt increase the likelihood of financial difficulties. More successful companies are more likely to use debt, as they can use additional interest to reduce taxes on larger profits. However, additional debt also increases financial risk for the company (Heliani et al., 2022).

### 2. Financial Report

Financial statements are essential reports that provide information about a company's financial condition during a specific period. They serve as a tool for understanding a company's financial position and performance. The main purpose of financial statements is to offer useful information to a wide range of users in making economic decisions. These users may include both internal and external parties. Additionally, financial statements are also a way for management to demonstrate their accountability in handling resources. The information within financial statements is crucial for decision making and understanding a company's financial position. According to financial accounting standards, the objectives of financial statements are to provide information about a company's financial position, performance, and changes in financial position (Helman, 2021).

### 3. Financial Statement Analysis

Financial statement analysis is crucial for assessing the health and stability of a business. It involves analyzing the various components of financial statements to obtain a comprehensive understanding of their overall meaning. This analysis is presented to the company's top leadership to determine management achievements and guide company policy. To generate accurate financial reports, careful analysis is required using appropriate methods and techniques. Financial statement analysis provides additional information to users, enabling

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them to make better economic decisions. It involves breaking down report items into smaller units of information and examining the quantitative relationship between financial statements and other data. The purpose of this process is to gain a deeper understanding of the company's financial condition (Hidayat et al., 2022).

#### 4. Financial Ratio

Financial ratios are important tools for investors and creditors to evaluate the financial condition and performance of companies. They provide a way to compare the rates of return of different companies and aid in making investment and credit decisions. These ratios are obtained by dividing one accounting number by another, and they provide insights into the health of a company. While the calculation of financial ratios may be simple arithmetic, the interpretation of the results requires careful analysis. Despite this complexity, financial ratio analysis remains one of the most popular and widely used methods in financial analysis. Financial ratios are important tools for investors and creditors to evaluate the financial condition and performance of companies. They provide a way to compare the rates of return of different companies and aid in making investment and credit decisions. These ratios are obtained by dividing one accounting number by another, and they provide insights into the health of a company. While the calculation of financial ratios may be simple arithmetic, the interpretation of the results requires careful analysis. Despite this complexity, financial ratio analysis remains one of the most popular and widely used methods in financial analysis (Juwita & Mutawali, 2022).

#### 5. Profit growth

One measure of analytical performance is the growth ratio. The growth ratio measures the company's ability to maintain its economic position in economic growth and in an industry or market in which it operates, profit growth is one of the growth ratios that can measure company performance. Profit growth is the increase that the company has compared to previous profits. Earnings growth can be calculated by subtracting the current year's profit from the previous period and then dividing by the previous period's profit (Karanović et al., 2020).

### METHOD

#### 1. Research Design

This text discusses the use of quantitative research methods, which involve statistical analysis and the use of numbers. These methods are commonly used to study specific populations or samples, with random sampling techniques used to gather data. The data collected is typically analyzed quantitatively or statistically in order to test predetermined hypotheses. The research design used in this study is causal research, which focuses on understanding cause-and-effect relationships between variables. Causal research aims to explain how changes in the value of one variable can cause changes in the value of other variables. In this type of research, there are independent variables that act as causes and dependent variables that act as effects. The analysis method employed in this study is multiple linear regression analysis, which involves explaining a response variable using multiple input variables. Overall, this text emphasizes the use of quantitative research methods, causal research design, and multiple linear regression analysis as effective approaches to studying and understanding relationships between variables (Madi et al., 2021).

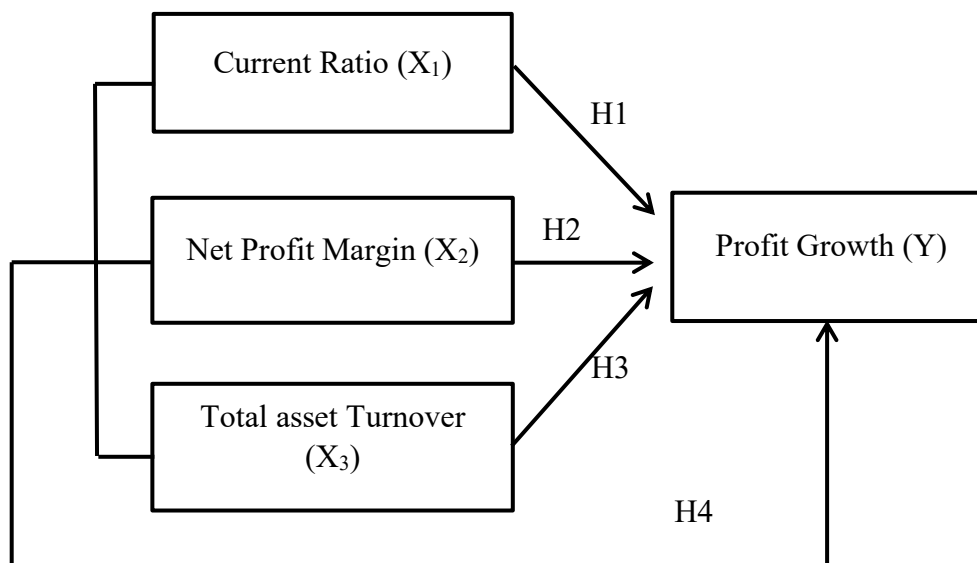
#### 2. Research Type

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This text discusses the different types of research, specifically descriptive research, correlational research, and comparative research. The focus of this study is on correlational research, which aims to explore the relationship between two or more variables. The study identifies the independent variables as the stimulus variables that affect other variables, including the Current Ratio, Net Profit Margin, and Total Asset Turnover. On the other hand, the dependent variable is the variable that reacts or responds to the independent variable, in this case, it is the Profit Growth. The text also mentions that the relationship between these variables can be observed from a visual representation.



**Figure 1. Framework of Thought**

Description:

H1: Current Ratio has an influence on Profit Growth

H2: Net Profit Margin has an influence on Profit Growth

H3: Total Asset Turnover has an influence on Profit Growth

H4: Earnings growth is influenced by Current Ratio, Net Profit Margin and Total Asset Turnover.

### 3. Population and Sample

The population in this study is PT Indofood cbp Sukses Makmur Tbk, totaling one company with quarterly financial reports for the period 2012-2021. The sample taken is the company used is PT Indofood cbp Sukses Makmur Tbk. With quarterly financial reports from 2012-2021 so that a total of 40 data samples were obtained.

### 4. Data analysis techniques

Data analysis techniques used descriptive statistics, classic assumption tests, R square, partial test, and simultaneous test. in this study using multiple linear regression using OLS (ordinary least square) regression. using OLS (ordinary least square) regression (Melani et al., 2023).

The multiple linear regression can be written into the following model:  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Description:

Y : Profit Growth

$\alpha$  : constant

$\beta_1, \beta_2, \beta_3$  : regression coefficient

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- X1 : Current Ratio
- X2 : Net Profit Margin
- X3 : Total asset Turnover
- E : Error

## RESULTS AND DISCUSSION

In this study, the data used is secondary data with the collection time using time series data collected from quarter 1 of 2012 to quarter IV of 2021. In this study, earnings growth as the dependent variable with the independent variables used are Current Ratio (X1), Net Profit Margin (X2), Total Asset Turnover (X3), namely in 2012 quarter 1 to quarter IV of 2021. Overall, the data used in this study were taken from IDN Financial which can be accessed through the official IDN Financial website.

Descriptive statistics indicate that the CR with the lowest achievement (minimum value) was in 2021-Q3 at 1.22 and the highest (maximum value), in 2012-Q1 at 3.03 with an average (mean) value of 202,4000 and a standard deviation value of 71,75771. In this case, it indicates that the average value is greater than the standard result of the deviation, thus indicating a good result.

The lowest achievement (maximum value) NPM variable is found in the year 2012-Q2-Q3-Q4, the year 2013-Q2Q3, the year 2015-Q2, the year 2016-Q4 is 0.1 and the highest accomplishment (maximal value) is observed in 2020-Q1 at 0.17 with an average (mean) value of 9,5250 and a standard deviation value of 4.47779. This indicates that the mean value is greater than the normal deviation size, so it can indicate a good result. The TATO variable has the lowest attainment (manimum value), occurring in the years 2015-Q1 and 2019-Q1, at 0.3 and the maximum attained value (maximum deviation) is in 2012-Q1 of 2.81 with a mean value of 69,0250 and the standard deviance value of 49,09618. In this case, it indicates the average (medium) value is larger than the major deviation, thus indicating that there is a better result at the lower average growth value. In the case of the larger standard variable, the average growth (means) can be achieved at the average annual deviation of 27,0968.

### 1. Classical Assumption Test

#### A. Normality Test

The results of the Kormogrov-Smirnov test. Based on the table above, it can be seen that the result of the calculation of Kolmogrov- Smirnov of the Asymp.Sig. (2-tailed) value of 0.163 means a significant value greater than 0.05. Then it can be concluded that the data is distributed normally.

**Table 1. One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		40
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	58,16413705
Most Extreme Differences	Absolute	,119
	Positive	,119
	Negative	-,081
Test Statistic		,119
Asymp. Sig. (2-tailed)		,163 <sup>c</sup>

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- a. Test distribution is Normal
- b. Calculated from data
- c. Lilliefors Significance Correction

### B. Multicollinearity test

It is known that each free variable has a VIF value  $< 10$  and a tolerance  $> 0.1$ . On the variable Current Ratio (X1) has the value of VIF  $< 10$  of 1,047, on the net profit margin variable (X2) has a value of 1,112, and the total asset turnover (X3) has a price of 1,100. So this shows that of each variable has a VIF  $< 10$ , so it can be concluded that this regression model does not occur multicollinearity.

**Table 2. Results of Multikolinieritas Test**

		Coefficients <sup>a</sup>					
Model		Unstandardized Coeffisients		Standardized Coefficients	T	sig	Collinearity Statistics
		B	Std. Error	Beta			Tolerance VIF
1	(Constanst)	-151.753	37.190		-4.081	,000	
	CR (X <sub>1</sub> )	,172	,138	,138	1.241	,222	,956 1.047
	NPM (X <sub>2</sub> )	5.275	2.283	,264	2.311	,027	,899 1.112
	TATO (X <sub>3</sub> )	1.360	,207	,748	6.569	,000	,909 1.100

a. Dependent Variabel: PL

### C. Heteroscedastisity Test

The results of the heteroskedastisity test with the gliser method have been transformed data using the Natural Logarithm (Ln) in table 2.7 above,. These results prove that of each free variable has more than a significance value of  $\alpha$  (Sig  $> 0,05$ ) i.e. CR (X1) by 0.633, NPM (X2) by 0.550, and TATO (X3) by value of 0.631. It can be said that the data does not experience heterocadastisity.

**Table 3. The results of the Heteroscedastisity Test (Gleiser Test) after the Transformation**

		Coefficients <sup>a</sup>				
Model		Unstandadized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(constant)	,936	1,146		,817	,420
	LN_X1	,087	,181	,083	,482	,633
	LN_X2	-085	,140	-107	-604	,550
	LN_X3	-069	,142	-084	-485	,631

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a. Dependent Variable: Abs\_Res2

## D. Autocorrelation Test

The results of the autocorrelation test with the Durbin-Watson test above, can be seen that at the value of Dw obtained is 1,393. When viewed from the table, the Du and Dl values are 1.346 and 1.338. The regression model can be stated that there is no autocorrelation when  $Du < Dw < 4-Du$ . It can be found that the Du value is 1,346 the value of Dw is 1,393 and  $4-Du$  is 2,654. Then the results of the Durbin-Watson test above show that the regression models do not have either positive or negative autocorrelation because  $1,346 < 1,393 < 2,654$ .

## 2. Hypothesis Test

### a. Multiple Linear Regression Analysis

The constant value (value 0) is 131,708, and for X1 is 0,172, while X2 is 5,273, and X3 is 1,360. So the linear regression equation can be obtained as follows.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = -151,708 + 0,172X_1 + 5,273X_2 + 1,360X_3 + e$$

Based on the regression model of the double linear regression analysis above, a few conclusions can be drawn:

- If the constant value of profit growth (Y) is 131,708, which indicates that if the variables X1, X2, and X3 are equal to zero (0) i.e. Current Ratio, Net Profit Margin, and Total Asset Turnover, then the profit growth is 131.708.
- It is known that the value of the variable coefficient Current Ratio (X1) is 0.172 where 1% decrease of the current ratio then the growth of profit has also been reduced by 0,172 or 17.2% or vice versa every increase of 1% then the increase of profit also increased by 17.2%
- The X2 coefficient of 5,273 means that every time the variable X2 (Net Profit Margin) decreases by 1% then the profit growth decreased by 5,273% or vice versa each time the net profit margin increases by 1%, then the profits growth will increase by 5.273%
- The X3 (Total Asset Turnover) coefficient is 1,360, which means that if the total asset turnover increases by 1% then the profit growth rises by 1,360% or vice versa if the Total Asset Turnover decreases by 1%, then the growth of the profit falls by 1.360%. From the above description it can be concluded that Current Ratio, Net Profit Margin, and Total Asset Turnover influence profit growth.

**Table 4. Result of Multiple Linear Regression**

		Coefficients <sup>a</sup>				
Model		Unstandadized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(constant)	-151,708	37,196		-4,079	,000
	X1	,172	,138	,138	1,243	,222
	X2	5,273	2,283	,164	2,309	,027
	X3	1,360	,207	,747	6,565	,000

a. Dependent Variable: Y

### b. Partial Test (t test)

The effect of the Current Ratio on Profit Growth is as follows: a. The influence of the current ratio on profit growth on the current ratio variable obtained a Thitung value of 1,243 with a significance value of 0,222. This indicates that the Thitung value is smaller than the Table (Calculate < Table) is  $1,244 < 2,021$ . As for profitability, the significance greater than  $\alpha$  (Sig.



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$> \alpha$ ) is  $0,222 > 0,05$ . Then it can be stated that  $H_0$  is accepted and  $H_a$  rejected, it states that the variable Current ratio does not have an individual influence on the growth of profits. The effect of net profit margin on profit growth on the net profit margins variable is obtained a Thitung value of 2,309 with a significance value of 0,027. This indicates that the Thitung value is greater than the Ttable (Calculation  $<$  Table ) is  $2,309, < 2,021$ . As for profitability the significance is smaller than  $\alpha$  (Sig.  $<$   $\alpha$ ) is  $0,027 < 0,05$ . Then it can be stated that  $H_0$  is rejected and accepted  $H_a$ . Thus the Net Profit Margin variable has a significant influence on the growth of profit. The impact of the Total Asset Turnover on the Growth of Profit On the total asset turnover variable the Thitung value is 6.565 with a significant value of 0,000. This shows that the thitung value is larger than the value of the Ttable (Table count  $<$  0,05).

**Table 5. Partial Test (T Test)**

Model	Coefficients <sup>a</sup>			T	Sig
	Unstandadized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (constant)	-151,708	37,196		-4,079	,000
X1	,172	,138	,138	1,243	,222
X2	5,273	2,283	,164	2,309	,027
X3	1,360	,207	,747	6,565	,000

a. Dependent Variable: Y

### c. Simultaneous Test (F test)

The F test or simultaneous test can be known that the F calculation value obtained is 16,305 with a significance value of 0,000. The first step before making a decision is to look for Ftable with  $N = 40$  and  $K = 3$ . It is known that the value of Ftable is 2,839, therefore it can be concluded that reject  $H_0$  and accept  $H_a$  because the calculation value is greater than Ftable  $16,305 > 2,839$  and the significance profitability value is smaller than the value  $\alpha$  (Sig.  $<$   $\alpha$ ) is  $0,000 < 0,05$ . This means that all the variables, the Current Ratio, the Net Profit Margin and the Total Asset Turnover, are jointly or simultaneously linked to profit growth.

**Table 6. Test Results F (Simultaneous)**

ANOVA <sup>a</sup>					
Model	Sum of squares	Df	Mean square	F	Sig

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1	Regression	179332,922	3	59777,641	16,305 ,000 <sup>b</sup>
	Residual	131986.178	36	3666,283	
	Total	311319,100	39		

a. Dependent Variable: Y

b. Predictors: (Constant). X3, X1, X2

### d. Determination Coefficient

The results of the determination coefficient test showed that at the adjusted r-square value of 0.541, it was concluded that the influence contribution of the independent variable on the dependent variable simultaneously or jointly was 54.1%

**Table 7. Determination Coefficient Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,759 <sup>a</sup>	,576	,541	60,54984

a. Predictors: (constant), X3, X1, X2

## DISCUSSION

The current ratio, which measures a company's ability to meet short-term financial obligations, has an impact on profit growth. A high current ratio signifies the company's effectiveness in paying off its short-term obligations, leading to increased profits. However, the study found that there is no partial effect of the current ratio on earnings growth. The significance value of the t-test was 0.222, indicating that the current ratio does not significantly affect profit growth. This is due to the company's inability to guarantee working capital and support operational activities, resulting in lower-than-desired profits. These findings align with a similar study conducted by Athira and Murtanto in 2022 (Prabowo & Korsakul, 2020). Current ratio does not have a significant effect on profit growth. The current ratio is used to assess a company's ability to meet short-term financial obligations. A higher current ratio indicates that the company is more capable of paying off its short-term obligations, resulting in increased profits. However, the study found that the current ratio did not have a significant impact on profit growth (Mingus et al., 2020).

The hypothesis testing showed that the partial t-test for the current ratio had a significance value of 0.222, which is higher than the standard significance value of 0.05. This means that the current ratio does not have a partial effect on earnings growth. Additionally, the t-value of 1.243 was smaller than the critical t-value of 2.021, further confirming that the current ratio does not affect profit growth. The study suggests that the company's ability to meet short-term obligations does not provide sufficient working capital to support operational activities, leading to a lack of desired profit growth (Riani et al., 2020).

These findings support the research conducted by Athira and Murtanto (2022), which

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also concluded that the current ratio does not have a significant impact on profit growth. It is important for companies to understand that solely focusing on the current ratio might not guarantee increased profits. Other factors such as operational efficiency and effective utilization of resources should also be considered to achieve desired profit growth (Rifayani & Yunita, 2023).

In conclusion, the current ratio was found to have no partial effect on profit growth. The ability to meet short-term financial obligations alone is not sufficient to generate desired profit growth for a company. Future research should focus on exploring additional factors that contribute to profit growth and the relationship between these factors. Companies should also consider a comprehensive approach, taking into account various financial and operational aspects, to achieve sustainable and desirable profit growth (Rohman et al., 2020).

### CONCLUSION

The researchers focuses on examining the impact of Current Ratio, Net Profit Margin, and Total Asset Turnover on Profit Growth. The results of the hypothesis testing reveal the following findings The Current Ratio variable shows no individual or partial effect on profit growth. This conclusion is based on the t-test results, which indicate that the Thitung value (1.243) is smaller than the Ttable value (2.021), and the significance value (0.222) is greater than  $\alpha$  (0.05). The Net Profit Margin variable, on the other hand, has a significant effect on profit growth. The Thitung value (2.309) is greater than the Ttable value (2.021), and the significance value (0.027) is smaller than  $\alpha$  (0.05). The Total Asset Turnover variable also has a significant effect on profit growth. The Thitung value (6.565) is greater than the Ttable value (2.021), and the significance value is recorded as 0.000. These results suggest that Net Profit Margin and Total Asset Turnover are important factors influencing profit growth, while Current Ratio does not have a significant impact. The research conducted by the researchers focuses on determining the impact of three variables, namely Current Ratio, Net Profit Margin, and Total Asset Turnover, on Profit Growth. The findings of the study were obtained through hypothesis testing, and the results are as follows. Current Ratio: The t-test conducted on the Current Ratio variable yielded a Thitung value of 1.243 with a significance value of 0.222. The comparison with the Ttable (Thitung < Ttable) indicates that the Thitung value is smaller than the critical T value of 2.021. Moreover, the significance value (0.222) is greater than the pre-determined level of significance (0.05). Therefore, it can be concluded that H0 (null hypothesis) is accepted and Ha (alternative hypothesis) is rejected. In other words, the Current Ratio variable does not have a significant individual or partial effect on profit growth. Net Profit Margin: The Thitung value for the Net Profit Margin variable was found to be 2.309, with a significance value of 0.027. The comparison with the Ttable (Thitung > Ttable) indicates that the Thitung value is greater than the critical T value of 2.021. Additionally, the significance value (0.027) is smaller than the predetermined level of significance (0.05). Consequently, H0 is rejected, and Ha is accepted. Hence, it can be concluded that the Net Profit Margin variable has a significant effect on profit growth. Total Asset Turnover: The Thitung value for the Total Asset Turnover variable was determined to be 6.565, with a significance value of 0.000. The comparison with the Ttable (Thitung > Ttable) reveals that the Thitung value is greater than the critical T value of 2.021. Furthermore, the significance value is less than 0.000, suggesting a high level of significance. Therefore, it can be inferred that the Total Asset Turnover variable has a significant effect on profit growth. These findings highlight the varying impacts of the three variables on profit growth. The Current Ratio was found to have no significant effect, while both the Net Profit Margin and Total Asset Turnover were identified as influential factors. These results indicate

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the importance of considering these variables when analyzing profit growth in the context of the study. This research contributes to the understanding of the relationship between financial ratios and profitability, and it can potentially aid businesses in making informed decisions regarding their financial performance and growth strategies.

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