INFLUENCE OF LIQUIDITY, SOLVENCY, PROFITABILITY, ACTIVITY ON PROFIT GROWTH IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS INDUSTRY SECTOR REGISTERED ON THE INDONESIA STOCK EXCHANGE (IDX)

Yasintha Sopian Putri,
Marwa Hilmi Nashrulloh,
Julda Adilah Azmi,
Balqis Aulia Rihhadatul Aisy,
Lisa Hasanah Dwi Astuti, Nuryaman,
Mohd Haizam Saudi

DOI: https://doi.org/10.37178/ca-c.23.1.383

Yasintha Sopian Putri, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *yasintha.sopian@widyatama.ac.id*

Marwa Hilmi Nashrulloh, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *marwa.hilmi@widyatama.ac.id*

Julda Adilah Azmi, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *julda.adilah@widyatama.ac.id,*

Balqis Aulia Rihhadatul Aisy, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *balqis.aulias@widyatama.ac.id,*

Lisa Hasanah Dwi Astuti, Nuryaman, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *lisa.hasanah@widyatama.ac.id*

Mohd Haizam Saudi, Faculty of Economics and Business, Widyatama University, Bandung, Indonesia.
Email: *nuryaman@widyatama.ac.id.*

Abstract

Profit growth is an indicator of whether a company is doing well or not. A financial ratio is a calculation of a ratio using annual financial statements that serves as a measurement tool for assessing a company's financial position and performance. This study covers liquidity from a current ratio (CR) perspective, solvency from a debt to equity ratio (DER) perspective, profitability from a net profit margin (NPM) perspective, and total asset turnover (TATO) perspective of manufacturing companies in the consumer goods industry sector registered on the Indonesia Stock Exchange (IDX)

during the period the period 2018-2020. The sector used in this research have an important role for other industrial sectors because this sector contributes significantly to Indonesia's economic growth. The industry sub-sectors in this study are the consumer electronics, food and beverage, cigarette, pharmaceutical, cosmetics and household goods. In this study, the survey method used was causally related to the quantitative approach, and the sampling method used was in the form of annual financial statements confirmed and published on www.idx.co.id. Based on the specified criteria, 10 samples were extracted from a population of 53 manufacturers in the consumer goods industry. Data analysis multiple linear regression analysis is used by this study using SPSS version 23 application tools. Hypothesis test analysis result using t-test (partial), the liquidity, profitability, and activity of the variables are said to be positive and have a significant impact on profit growth . Meanwhile, solvency variables have a significant negative impact.

Keywords: Liquidity, Solvency, Profitability, Activity, and Profit Growth.

Preliminary

The Indonesian economy experienced highs and lows during the COVID-19 pandemic. When a business does not go as expected will cause the economy to suffer both losses and profits. How to make a profit along with the amount of a company's profit is a measure of management success [1]. To discover the size of the company's profits to be used in the future, dig through the financial statements that the company holds.

Financial statements will be important because they provide information (input) that can be used in decision making. The information will influence the expectations of those who use financial statements and further affect the company's value [2] Financial statements are reports that show current conditions or a certain period [3].

This ratio can be used to identify a company 's financial strengths and weaknesses and allow investors to evaluate the financial and operating business for decision making. Financial ratios are the activities of comparing numbers on financial statements [4, 5]

In this study, researches limit any factors which can affect profit growth including TATO, CR, NPM, and DER, that have a significant effect on profit growth.

Thus, the goal to reach is to find out the effect of solvency, activity, profitability, and liquidity of profit growth in companies manufacturing the consumer goods industrial sector registered on the Indonesia Stock Exchange (IDX) for the 2018-2020 perioed.

Theoretical Review

Financial Statements

One important method that companies use to provide financial information to external is called financial statement [3]. According to [6] states that the financial statement is a report that presents the company's performance and financial position, which contains a statement of financial position, statement of income, statement of cash flows, and notes to the financial statements.

Analysis of Financial Ratios

According to[7] the analysis of financial ratios is the relationship between the elements of the financial statements with each other in order to provide an explanation of the financial statements, core of the business and can be further explained.

Types of financial ratios according to their objective can be grouped into: (1) Liquidity, ratio that uses to measure a company's capability to pay its short-term debt; (2) Solvency, uses to measures the extent to which a company's assets can be funded

with debt; (3) Profitability, specifically uses to measure a company's efficiency in earning profits; (4) Activity, which is a ratio that measures the efficiency of a business in using its capital.

Profit Growth

A ratio that indicates a company's expertise in increasing net income for the current year and previous is called profit growth. Profits that consistently increase each year can indicate that company is doing well financially[8] While according to [9] one of the indicators stakeholders that can be used to make decisions by examining a company's financial performance is called profit growth.

The Effect of Liquidity on Profit Growth

Liquidity is a ratio to describe the company's ability to pay short-term obligations or soon to be due when billed as a whole [4]
The type of this ratio used is CR, that indicates the extent to which current liabilities can be cover by current assets. When the corporation pays short-term debt with its assets on time, the company does not need to pay a fine. So, the company will not use its assets to pay its debts excessively, which means that assets can be used efficiently to increase company profits.

The higher CR value will be better for the company, because company can meet short-term debt obligations that will mature and the company uses its working capital or current assets efficiently so the company's profits increase and the company 's performance is good, this indicates that profit growth is leading to a positive direction [10, 11].

The Effect of Solvency on Profit Growth

Solvency is a ratio to explain the organization's capasity to pay its lengthy-term obligations (Kasmir, 2008).

This ratio is measured by DER, that can be used to measure the level of debt and interest expense to be paid with the company's capital. If the company's capital is continuously paid to pay off debt and the company's interest expense, the performance of the company will decline, which means that the financial condition is unstable and the profit decreases. Then this indicates that profit growth is in a negative direction.

The Effect of Profitability on Profit Growth

A ratio that takes into account the company's ability to look at profit is called profitability. This ratio explains an overview to calculate the level of company's management effectiveness, which is demonstrated through the profit generated from the sale of the company. The factor is that the usage of this ratio suggests the efficiency of the company [12]

This ratio is measured by NPM. NPM is that measured the company's expertise in creating net profit sales that made by the company [7] When the company's net profit margin are high, the success rate in obtaining profit is higher. If the profit of the company increases, this indicates that profit growth is in a positive direction.

The Effect of Activity on Profit Growth

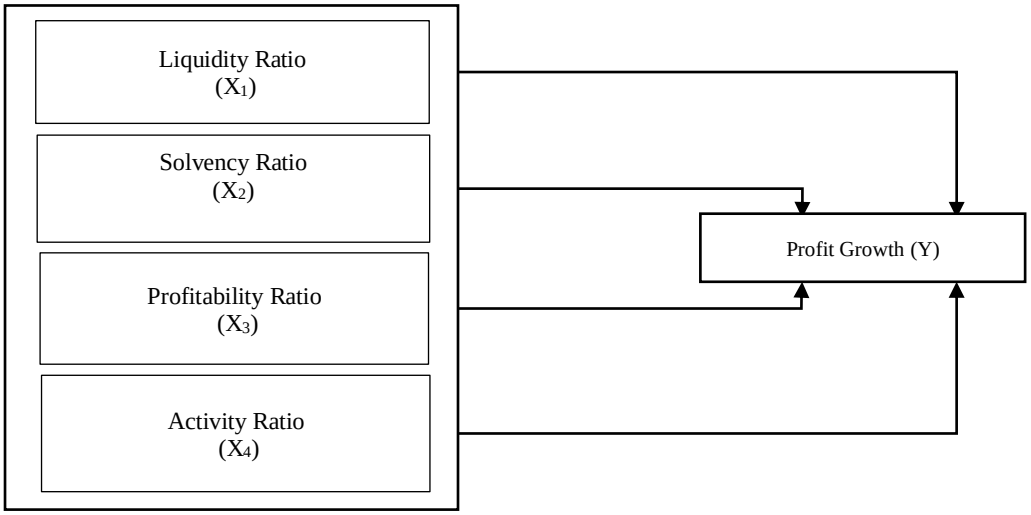
This ratio is used to evaluate a company's capacities to carry out day-to-day operations and to make sales, collect debt, and use of assets held [13]

This ratio is measured by TATO, that use to generate profit by measure the efficiency a business of company in using assets. The faster a company's asset

turnover is ti support its net sales operation, the more income earned will increase hence even great profit. This means that a higher asset turnover will improve the company as all sales support assets are used efficiently[14, 15]

Conceptual Framework

In this research, the financial ratio's used include: Current Ratio (CR) , Net Profit Margin (NPM) , Total Asset Turnover (TATO) , Debt to Equity (DER) . This reserch



provide an explanation for the links among the independent variables (liquidity, solvency, profitability, and activity) to the dependent variable (profit growth) for manufacturing companies within the costumer goods industry sector which being registered at the Indonesia Stock Exchange during the 2018-2020 observation years). Based on the formulation of the issues put forward, the following is a picture of the research model:

Figure 1 Research Conceptual Paradigm

Hypothesis formulation

Based on the problem and context construction, the hypotheses of this examine are as follow:

1. H_1: Liquidity has a positive and significant influence on the earnings growth of companies. Manufacturing within the customer goods sector listened on the Indonesia Stock Exchange for the duration 2018-2020.
2. H_2 : Solvency has a negative and significant impact on a manufacture's profit growth. Exports of the consumer goods industry listed on the Indonesia Stock Exchange between 2018 - 2020.
3. H_3 : Profitability will have a significant positive effect at the profit growth of manufacturers in the customer goods sector listed on theIndonesia Stock Exchange from 2018 - 2020 .
4. H_4 : Activities that have a positive and significant impact on the profit growth of manufacturers in the customer goods industry listed on the Indonesia Stock Exchange from 2018 - 2020.
5. H_5 : Liquidity, Solvency, Profitability and Activity simultaneous operations have a positive and significant impact on the profit growth of manufacturing companies in the customer goods industry listed on the Exchange. Indonesia Securities Exchange for 2018-2020.

Research methods
Types of research

The kind of research utilized is causality studies that are equipped with the quantitative technique. Causality is a study to compare several variables for two years or more by using different samples and at different times [7]. Whole quantitative is a method to test and find out the hypothesis that is determined through a population or sample that has been collected using research instruments using statistical or quantitative data analysis.

Population (Object) Research

The population applied is manufacturing companies in the consumer goods industry sector registered on the Indonesia Stock Exchange (IDX) to the 2018-2020 period has as many as 53 companies. The population is a generalization area in which there are subject or object with the characteristics and qualities applied by the researcher [16]

Sampling technique

Purposive sampling is the sampling technique that utilize by research Purposive sampling is a technique in determining the selected sample according to the characteristics and information required by the researcher[17, 18]/.

In this study, there are several criteria used in determining, the sample with secondary data including: (1) Manufacturing companies in the customer goods industry sector registered on the Indonesia Stock Exchange (IDX) for the 2018-2020. (2) A company in the customer goods industry sector that has a positive profit (3) Manufacturing companies included in the customer goods industry sector that publish financial report's for the 2018-2020 [6, 19].

Based on these criteria obtained 10 samples that meet the criteria of the population of 53 companies. Detail of the 10 sample companies are presented in table 1 below:

Table 1

Sample Company

No	Company Name	Code
1	Akasha Wira international Tbk	ADES
2	PT FKS food Sejahtera Tbk	AISA
3	PT Sariguna Primatirta TBK	CLEO
4	PT hartadinata Abadi Tbk	HRTA
5	Indo food CBP SuKses Makmur Tbk	ICBP
6	Kalbe farma Tbk	KLBF
7	Mayora indah Tbk	MYFA
8	Pyridam farma Tbk	PYFA
9	PT industry jamu and farmasi sido muncul Tbk	SIDO
10	Tempo Scan pacific Tbk	TSPC

Sumber: Data Sekunder, diolah 2021

Data collection technique

The records series technique utilized in this studies is secondary facts. Secondary records is whose supply is received no longer directly but from different media such a

books or documents [20]. The secondary information on this look turned into received from the annual financial statement of manufacturing companies in the customer goods industry sector that being registered on the (IDX) Indonesian Stock Exchange for the 2018-2020[2, 8, 21-23].

Variables and Variable Operational Definitions

Operational variables are the determination of measures and indicators by researchers in conducting their research from abstract concepts to be used in finding facts and realizing can empirically [17, 24]. The operational variables utilized in this study are: (1) Independent variable, are variable arise or change [20].The independent variables used are Liquidity, Solvency, Profitability, and Activity. (2) The dependent variable is a variable that is the result or is influenced by the independent variable [1, 25, 26].The dependent variable used is profit growth.

Classic Assumption Test
Normality Test

A test is utilized to test independent and dependent variables in the regression model whether they have a normal distribution or not. According to [27] states that there are two ways to find out the results of normality testing including:

1. Kolmogrov Sminov (KS) approach

Table 2

Variable Operational

Variable	Variable concept	Indicator	Scale
Liquidity (independent variable X1)	This study the liquidity utilized is the current ratio CR is the ratio between the assets and short term debt.	$CR = \frac{Current\ Assets}{Current\ debt}$	Ratio
Solvency (independent variable : X2)	The solvency utilized this study is debt to equity ratio. DER is the Ratio of the company debt to its own capital	$DER = \frac{Total\ Debt}{Capital} 100\%$	
Profitability (independent variables X1)	The profitability employed in this study is the net profit margin NPM is a comparison between profits and sales of the company to determine comp any ability	$NPM = \frac{EBIT}{Sales} 100\%$	Ratio

According to [16] states that the basis for making decisions using this test are:

a. If a significant value is obtained > 0.05, then the data has a normal distribution.
b. If a significant number is obtained < 0.05, for that data does not have a normal distribution.

2. Graphics Approach

According to [16] states that the idea for selection the use of this test are:

a. If avaible data follows a diagonal direction and is distributed and spread around the line, the regression model meets the normality assumption.
b. But if the available data do not suit the diagonal line or unfold a long way from the road, then the regression model have don't any capability to satisfy the assumption of normality.

Multicollinearity Test

Multicollinearity take a look at is used to look at whether or not or there's a correlation among unbiased variables in the regression version. If there is a correlation between the structured variables, the regression model is taken into consideration not right [28]. The effects of this take a look at can be understand by means of looking at the price of the variance inflation element or VIF and the tolerance price. If the tolerance cost is near 1 and VIF < 10, it method the regression version has not multicollinearity.

Autocorrelation Test

The autocorrelation test is utilized to decide if there may be a correlation between the confusion error between period t & period t1 (preceding) by using appearing the Durbin-Watson statistical check. This is performed by comparing the calculated value of dW with the value in table dW under the following conditions: (1) If $dW < dL$ the there is a positive autocorrelation; (2) If $dW < dW < dU$ then it cannot be conluded; (3) if $dU < dW < 4 - dU$ then there is no autocorrelation; (4) if $4 - dU < dW < 4 - dL$, it connot be concluded; and (5) If $4 - dL < dW$ then there is a negative auto correlation.

Heteroscedastic Test

The heterogeneous variance test is used in regression models and uses the Glejser test to find out if there an dissimilarity in the variance from one observation to another. The Glejser test is performed by detecting that the absolute value is regressing from the residue of the residue of the dependent variable. If the result is sig> 0.05, the profitability result is considered important [28]

Data analysis technique

Multiple Linear Regression Analysis

This evaluation is utilized to decide the rise and fall (state) of the independent variable if the dependent variable is manipulated (up and down in value) [10]. The models used in this study are

$$\Upsilon = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Υ = Profit Growth
β_0 = Constant
$\beta_1\beta_2\beta_3\beta_4$ = Regression Coefficient
X_1 = Liquidity
X_2 = Solvency
X_3 = Profitability
X_4 = Activity
e = Standard Error

Hypothesis Testing

F-test (Simultaneous)

F test is utilized to examine whether or not a study is feasible to continue. The basis of this test uses a significant level α = 0.05 (5%), provided that: (a) if sig > 0.05, there is a significant impact among the independent and dependent variable simultaneously; (b) if sig < 0.05, there is no significant impact.

T-test (Partial)

T-test is used to examine the effect of the independent on dependent variable individually (partially). Basis this test is to compare t_{count} with t_{table} and use the significant level = 0.050 (5%). However, there are the following conditions: (a) if $t_{count} > t_{table}$ and sig < 0.05, there was significant effect between the independent and dependent variable; (b) when $t_{count} > t_{table}$ and sig > 0.05, there was insignificant effect.

Coefficient of Determination Test (R^2)

This test is utilized to specify the amount (value) of independent on dependent variable. Value for this test among 0 and 1, if (a) value's R^2 is small, its manner that the rationale of the independent variable while predicting the dependent variable could be very limited; and (b) value's R^2 close to 1 means that almost all information is provided by the variables.

Analysis and Deliberation

Classic Assumption Test

Normality Test

Basis for making this test decisions utilizing method Kolmogorov-smirnov, if the probability value is Sig (2 Tailed) > α, the significance > 0.050.

One-Sample Kormogorov-Smirnov Test

Table 3

Normality Test Results

		Unstandardized Residual Predicted value
N		30
Normal parameter, a, b	Mean	0.00000000
	Std. Deviation	1.12724389
Most Extreme Difference	Absolute	.157
	Positive	.115
	Negative	-.157
Test Statistics		.157
Asymp. Sig. (2-tailed)		.056c

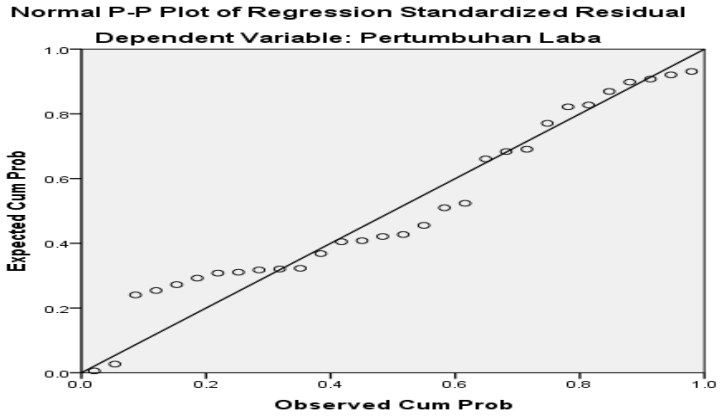
We can see that the large asympt.sig (2-tailed)) alue is 0.056 > 0.050. from this, we can conclude that the rest of the data is normally distributed and suitable for use in research.

In addition to using the kolomogorov-smirnov test, and the normality test can be performed through a statistical test using a normal probability plot. The following figure shows the result of the normal probability.

Source: SPSS Statistics Version Output Result 23.0.

Figure 2 Normality Test Graph

Based on normality test, regression analysis is worth using in this study. This can



be seem based on the graph above that the point spread, around the diagonal.

Multicollinearity Test

One way to find symptoms of multicollinearity is to viewed at the results and tolerances of the Variance Expansion Factor (VIF) test. A value of VIF < 10, and tolerance value < 0.1 indicates that the model has no signs of multicollinearity.

Table 4

MulticollinearityTest Results

Model	Undardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
constant	-2.687	.791		-3.397	.002
Liquidity	.394	.145	.328	2.706	.012
Solvency	-2.477	.951	-.319	-2.605	.015
Profitability	4.235	.827	.613	5.120	.000
Activity	1.398	.627	.265	2.230	0.035

We see, the VIF values for the independent variables are 1.079, 1.100, 1.053, and 1.037 with values < 10, and tolerance value are 0.927, 0.909, 0.949, 0.965 with values > 0.1. From this we can conclude that there are no signs of multicollinearity among the independent variables.

Autocorrelation Test

To detect this test is using the Durbin-Waston (dW) method. How to use this test by increasing the probability level, if the dW value > 0.050 then there is no autocorrelation

Table 5

Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Durbin Watson
1	.812a	.660	.606	1.21408	1.766

The dW value is 1.766 with a total data of 30 and the number of independent variables (k=4), it is obtained dL = 1.143 and the value dU = 1.739 with a Sig value of 5% . So the dW value is between dU and 4-dU or is said to be 1.739 < 1.766 < 1.143, there is no autocorrelation symptom as a results of these findings.

Heteroscedasticity Test

When there is an inequality of variation from on residual to another observation, this test is used to assess the regression model. This test is used to detect the absence or presence of heteroscedasticity by using the graph plot.

Table 6

Heteroscedasticity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
constant	1.873	.393		4.761	.000
Liquidity	-.143	.072	-.327	-1.980	.059
Solvency	.661	.473	.234	1.398	.174
Profitability	-.557	.411	-.221	-1.354	.188
Activity	-.721	.312	-.375	-2.013	0.057

The result of this test that each variable obtained a Sig value > 0.050 so the results of these can be said that there was no heteroscedasticity symptom in this study.

Hypothesis Testing Analysis

Multiple Linear Regression Test

This test is used to determine the influence of variables in the research model, namely by using the debt to equity (DER), net profit margin (NPM), total asset turnover (TATO) and current ratio (CR) which affect profit growth. The following are the outcomes of data management using the SPSS version 23 program:

Table 7

Multiple Linear Regression Analysis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
constant	-2.687	.791		-3.397	.002
Liquidity	.394	.145	.328	2.706	.012
Solvency	-2.477	.951	-.319	-2.605	.015
Profitability	4.235	.827	.613	5.120	.000
Activity	1.398	.627	.265	2.230	0.035

Based on the table's results in the preceding data, it is concluded that the interpretation for the multiple regression test is as follows:

$$\boldsymbol{Y = -2.687 + 0.394X1 - 2.477X2 + 4.235X3 + 1.398X + e}$$

The following is the result of the regression equation:

1. The regression of the constant value equation above is -2.687, meaning that if the independent variables (liquidity, solvency, profitability and activity) are constant or X = 0, then the profit growth is -2.687.
2. The independent variable liquidity shows a regression coefficient of 0.394 indicating a positive relationship between liquidity (CR) and profit growth. This means that if there is an increase in the one unit of the liquidity variable, the growth value will increase by 0.394.

3. The independent variable solvency shows a regression coefficient of -.2.477 indicating a negative relationship between solvency (DER) and profit growth. This means that if there is an increase in one unit of solvency variable and the growth profit value will increase by -2.477.

4. The independent variable profitability shows the regression coefficient value of 4.235 indicating a positive relationship between profitability (NPM) on profit growth. This means if there is an increase of one unit of profitability variable, then he value of profit growth will increase by 4.235.

5. The independent variable activity shows a regression coefficient of 1.398 indicating a positive relationship between activity (TATO) on profit growth. This means that if there is an increase in one unit of activity variable, the value of profit growth will increase by 1.398.

Coefficient of Determination Analysis (R^2)

Model Summary[b]

Table 8

Results the Coefficient of Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate
1	.812a	.660	0.606	1.21408

The results of the analysis in the table above, the Adjusted R Square value is 0.606 or 60.6% which means that the independent variables consisting of liquidity, solvency, profitability and activities that can explain the profit growth variable are 60.6% while the rest (100% - 60.6% = 39.4%) is influenced by factors outside of this analysis

F Test (Simultaneous)

Table 9

Simultaneous Hypothesis Test Results

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	71.518	4	17.879	12.130	.000b
Residual	36.850	25	1.474		
Total	108.367	29			

The results of the analysis in the table above the F value is 12.130 with a Sig level of 0.000 and score f_{table} with a significance level of df1 = k-1 (4-1) = 3, df2= n-k (30-4) = 26, using a 5% Sig level of 2.98, so $f_{count} > f_{table}$ or 12.130 > 2.980 and Sig value of 0.000 < 0.050, as a result H_0 rejected and H_5 accepted, there is a substantial difference between being refused and being accepted liquidity (X_1), solvency (X_2), profitability (X3) and activity (X_4) on profit growth (Y).

Table 10

Partial Hypothesis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
constant	-2.687	.791		-3.397	.002
Liquidity	.394	.145	.328	2.706	.012
Solvency	-2.477	.951	-.319	-2.605	.015
Profitability	4.235	.827	.613	5.120	.000
Activity	1.398	.627	.265	2.230	0.035

Based on the data above, the following can be deduced:

1. The t_{count} value of the liquidity variable is 2.706 with a significant level of 0.012 and the value of t_{table} with a significant level of df (n-k) = 30-4 = 26, using a significant level of 5% and t_{table} of 2.056 so that $t_{count} > t_{table}$ or 2.706> 2.056 and the value sig 0.012 < 0.050, the H_0 is rejected and H_1 is accepted. This shows that there is a significant influence between liquidity on profit growth.
2. The t_{count} value of the solvency variable is -2.605 with a significant level of 0.015 and the value of t_{table} with a significance level of df (n-k) = 30-4 = 26, using a significant level of 5% and t_{table} of 2.056 so that $t_{count} > t_{table}$ or -2.605 < 2.056 and the value of sig 0.015 < 0.05 then H_0 has been refused and H_1 has been accepted. This shows that there is a significant influence between solvency on profit growth.
3. The t_{count} value of the profitability variable is 5.120, with a significant level of 0.000 and the t_{table} value with significant level of df (n-k) = 30-4 = 26, using a significant level of 5% and t_{table} of 2.056 and the value sig 0.000 < 0.05, then H_0 is rejected and H_1 is accepted. This shows that there is a significant indluence between profitability on profit growth.
4. The t_{count} value of the activity variable is 2.230 with a significant level of 0.035 and t_{table} value with a significance level df (n-k) = 30-4 = 26, using a significant level of 5% and t_{table} of 2.056, so that $t_{count} > t_{table}$ or 2.230 > 2.056 and the value sig 0.035 < 0.05, the H_0 has been refused and H_1 has been accepted. This shows that there is a significant effect between activities on profit growth.

Conclusions, Limitations and Suggestions

Conclusions

The findings of this study's data analysis show that:

1. Liquidity has a positive and significant impact on profit growth. This is indicated by the positive value of the regression coefficient of 0.394 with the outcome of the t_{test} for the liquidity variable using the Current Ratio (CR) obtained a tcount value of 2.706 which is greater the the t_{table} value of 2.056 (2.706 > 2.056) and a significant level of 0.012 (0.012 < 0.050). it means the higher this ratop illustrates that the company is more effective in utilizing current assets to generate net income.
2. Solvency has a significant negative impact on profit growth. The negative value of the regression coefficient with the results of the t_{test} for the solvency variable using the Debt to Equity Ratio of -2.477 indicates this. The t_{count} value of -2.605 is smaller than the t_{table} value of 2.056 (-2.605 < 2.056) with a significant level of 0.015 (0.015 < 0.050). This means that the higher this ratio makes the company's performance decline which has an impact on decreasing profit.
3. Profitability has a significant and positive impact on profit growth. The positive value of the regression coefficient of 4.235, together with the results of the t_{test} for the profitability variable using the Net Profit Margin, yielded by the t_{count} value of 5.120 indicates this. Which is greater than the t_{table} value of 2.056 (5.120 > 2.056) with a

significant level of 0.00 (0.000 < 0.050). This means that the bigger the net profit margin the higher the cost efficiency, and hence the higher the net profit of the company.

4. Activity has a positive and significant effect on profit growth. This is indicated by the positive value of the regression coefficient of 1.389 with the results of the t_{test} for the activity variable using Total Asset Turnover. The t_{count} value is 2.230 which is greater than the t_{table} value of 2.056 (2.230 > 2.056) with a significant level of 0.035 (0.035 < 0.05). This means that the greater the sudden turnover will make the company better, because all company assets in supporting sales activities are used efficiently.

5. Liquidity, solvency, profitability, and activity has a considerable beneficial impact on profit growth (when done at the same time). The coefficient of determination test result with an R-square suggest this value of 0.660 and an adjusted R-square value of 0.606 (60.6%). This means that liquidity, solvency, profitability and activity can generate 60.6% of earnings growth while the remaining 39.4% is influenced by factors outside of this study increase.

Limitations

Based on research done by researchers. The researchers found that the study still had the following limitations:

1. This research only takes a period of 3 years, starting from 2018 to 2020, so the data taken may not reflect the condition of the company in the long term.
2. This study only examines Solvency using Debt to Equity Ratio (DER), Liquidity using Current Ratio (CR), Activity using Total Asset Turnover (TATO) and Profitability using Net Profit Margin (NPM) as an independent variable in explaining profit growth. As the dependent variable. There are still other factors that can affect profit growth such as Return on Equity, Inventory Turnover, Fix Asset Turnover and others.

Suggestions

The company or other interested parties could use there given suggestion based on the conclusions of this study, several useful suggestions are explained for the following suggestions can be given:

1. Future investors will need information on the financial statements of the company raising the funds, Total Asset Turnover (TATO), Current Ratio (CR), Debt to Equity (DER), and especially the net profit margin (NPM). if: Should be used as a consideration for make investment decisions to the right
2. For se management to maintain and expand Net Profit Margin (NPM), Total Asset Turnover (TATO) and Debt to Equity (DER) results if this increase in revenue can be efficiently achieved by increasing the assets, liabilities and ales owner by the company, the revenue, utilization and sale of the assets will be the financial performance of the company by increasing profits can be improved.
3. Researchers on the same subject are expected to consider and increase the number of the other variables used in the study and increase the sample by including other sectors in IDX. This is because only 10 random samples were obtained from 53 consumers in this study. Inventory management system companies listed on IDX period 2018-2020.

Reference

1. Prinanto, M.A., *Analysis of the influence of financial ratios on profit growth in the sharia general banking sector in 2004-2008.* 2010. **7**(4).
2. Hidayat, M., L. Sari, and N. Aqualdo, *Analysis of the factors that influence the economic growth of Pekanbaru city.* Jurnal Sosial Ekonomi Pembangunan, 2011. **2**(4): p. 48-63.
3. Kieso, D.E., J.J. Weygandt, and T.D. Warfield, *Intermediate Accounting Second Edition IFRS Edition.* New York: WIleyPLUS, 2014. **4**(3).
4. Kd, A.P., *Break Even Analysis of Profit Planning Pr. Creative Hasta Mandiri YOGYAKARTA.* Kajian Pendidikan Akuntansi Indonesia, 2012. **1**(2).

5. Harrison, S.E., et al., *Examining Associations between Knowledge and Vaccine Uptake Using the Human Papillomavirus Knowledge Questionnaire (HPV-KQ).* American journal of health behavior, 2021. **45**(5): p. 810-827 DOI: https://doi.org/10.5993/AJHB.45.5.2.
6. Indriyani, I. and Y. Yenfi, *Analysis of the Effect of Current Ratio and Total Asset Turnover on Return On Assets (Case Study at PT Pelabuhan Indonesia II (Persero) Pangkalbalam Branch).* Jurnal Akuntansi Bisnis & Keuangan, 2017. **10**(2): p. 7-19.
7. Sudana, I., *Corporate Financial Management: Theory & Practice.* 2011. **6**(9): p. 54-67.
8. Harahap, S.S., *Critical analysis of financial statements.* 1998. **3**(2).
9. Nikmah, U. and I. Fajarini, *The Effect of Financial Performance on Profit Growth Moderated by CSR Disclosure.* Accounting Analysis Journal, 2020. **9**(3): p. 179-185.
10. Surya, D.R., *EFFECT OF LIQUIDITY, ACTIVITY, AND LEVERAGE ON PROFIT GROWTH IN THE BANKING SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE.* Adminika, 2020. **6**(2): p. 77-94.
11. JaKa, M.M., et al., *Promoting Fish Consumption Messages: Perspectives of Hmong Women of Childbearing Age.* American Journal of Health Behavior, 2021. **45**(5): p. 867-878 DOI: https://doi.org/10.5993/AJHB.45.5.7.
12. Kieso, D.E., J.J. Weygandt, and T.D. Warfield, *Intermediate Accounting Second Edition IFRS Edition.* New York: WIleyPLUS, 2014.
13. Maith, H.A., *Financial Statement Analysis in Measuring Financial Performance at PT. Hanjaya Mandala Sampoerna Tbk.* Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi, 2013. **1**(3).
14. Ang, R., *Indonesian capital market smart book*. 1997, Jakarta: Mediasoft Indonesia. p. 7-13.
15. Kamolthip, R., et al., *Relationships among Physical Activity, Health-Related Quality of Life, and Weight Stigma in Children in Hong Kong.* American Journal of Health Behavior, 2021. **45**(5): p. 828-842 DOI: https://doi.org/10.5993/AJHB.45.5.3.
16. Santoso, S., *Application with SPSS for Non Parametric Statistical Concepts.* Jakarta: PT. Elex Media Komputindo, 2011. **1**(4).
17. Nuryaman and C. Veronica, *Accounting and Business Research Methodology*. Bogor: Ghalia Indonesia, 2015. **3**(2).
18. Khan, T., et al., *Statistical analysis and temporal trend of annual maximum temperature with teleconnection patterns of different stations in Pakistan.* Arabian Journal of Geosciences, 2021. **14**(15): p. 1-13.
19. Yani, J.A., *Sugiyono. 2017. Quantitative, Qualitative, and R&D Research Methods. Bandung: Alphabeta. Ferrari, JR, Johnson, JL, & McCown, WG (1995). Procrastination And Task Avoidance: Theory, Research & Treatment. New York: Plenum Press. Yudistira P, Chandra. Psychometric Lecture Diktat. University School of Psychology*. **8**(5): p. 345-365.
20. Sutrisno, H., *Financial management theory, concept and application.* Yogyakarta: Ekonosia, 2009. **65**(6).
21. Ass, S.B., *Analysis of solvency and profitability ratios to measure financial performance at PT. Mayora Indah Tbk.* BRAND Jurnal Ilmiah Manajemen Pemasaran, 2020. **2**(2): p. 195-206 DOI: https://doi.org/10.32493/frkm.v2i2.3003.
22. Christine, C., *THE EFFECT OF RETURN ON ASSETS (ROA), EARNINGS PER SHARE (EPS), AND NET PROFIT MARGIN (NPM) ON PT BUMI SERPONG DAMAI, Tbk STOCK PRICE. AND SUBSIDIARIES.* FIN-ACC (Finance Accounting), 2017. **1**(12).
23. Hasdiana, S. and M. Syafriansyah, *PROFITABILITY EFFECT ON PROFIT GROWTH IN PT. BANK PANIN DUBAI SYARIAH Tbk. LISTED ON THE INDONESIA STOCK EXCHANGE.* POINT: Jurnal Ekonomi dan Manajemen, 2020. **2**(2): p. 122-132 DOI: https://doi.org/10.46918/point.v2i2.737.
24. Nariswari, T.N. and N.M. Nugraha, *Profit Growth: Impact of Net Profit Margin, Gross Profit Margin and Total Assests Turnover*. International Journal of Finance & Banking Studies (2147-4486), 2020. **9**(4): p. 87-96 DOI: https://doi.org/10.20525/ijfbs.v9i4.937.
25. Oktanto, D. and M.N. Amin, *The Effect of Financial Ratios on Changes in Profits in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) in 2008-2011.* Jurnal Akuntansi Trisakti, 2014. **1**(1): p. 60-77 DOI: https://doi.org/10.25105/jat.v1i1.4802.
26. Kim, H., et al., *Physical Activity Engagement outside of College Physical Education: Application of the Transtheoretical Model.* American Journal of Health Behavior, 2021. **45**(5): p. 924-932 DOI: https://doi.org/10.5993/AJHB.45.5.3.
27. Ghozali, I., *Ghozali, Imam. 2006. Application of Multivariate Analysis with SPSS Program. Semarang: UNDIP Publishing Agency*. Analisis Multivariate dengan Program SPSS, 2006. **3**(8).
28. Ghozali, I., *multivariate analysis application with IBM SPSS 21 Update PLS Regression program. Semarang: Diponegoro University Publishing Agency.* Information Technology, 2013. **2**(2).