

Determination of Financial Performance in Predicting Profit Growth of Consumer Goods Industry Companies

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Abstract

The phenomenon of profit growth is not just a number, but a critical indicator in measuring the success of a company's performance. It is a tangible reflection of how effectively and efficiently the management parties have managed the resources owned by the company. Therefore, financial analysis is not just a tool, but a necessity to analyze and estimate profits and make decisions on the growth of profits to be achieved in the future. Factors that can influence earnings growth are Total Asset Turnover (TAT), Net Profit Margin (NPM), Return on Assets (ROA), Debt to Equity Ratio (DER), and Working Capital to Asset (WCTA). The problem in this study is how the influence of TAT, NPM, ROA, DER, and WCTA on profit growth. Based on the results of the study, it can be seen that Total Asset Turnover (TAT), Net Profit Margin (NPM), Return on Assets (ROA), Debt to Equity Ratio (DER), and Working Capital to Asset (WCTA) do not affect profit growth.

Keywords: TAT, NPM, ROA, DER, WCTA, Profit Growth

1. Introduction

Profit estimates the increase or decrease in equity before distribution and contributions from equity holders Susanti and Fuadati (2014). Profit can reflect whether or not a company's financial condition is good. Profits that continue to increase indicate that the company is experiencing periodic increases in efficiency and operational activities. Investors, who play a pivotal role in driving profit growth, use profit as an indicator of the company's financial performance in making investment decisions. Their expectations for the company's profit in the next period to be better than the previous period drive the company's efforts towards profit growth. Therefore, if the company's profits experience positive growth, it will attract other investors to invest. The phenomenon of profit growth is an important indicator in measuring the success of a company's performance. Profit growth in a company can show that management has successfully managed the company's resources effectively and efficiently.

Every company hopes for an increase in profits in each time period, but sometimes in practice profits experience a decline. Therefore, financial report analysis is needed to analyze, estimate profits, and make decisions on the profit growth that will be achieved for the coming time period. One of the most frequently used financial performance analysis tools is financial ratios.

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Financial ratios are comparisons of figures from estimates contained in the balance sheet and income statement. Comparisons between one estimate and another must be interconnected so that the results can be interpreted to determine the company's good financial condition.

Financial ratios can be used as predictors of future profit growth, this is quite useful information for users of financial reports who have a real or potential interest in a company. An increase or decrease in profits will impact financial ratios, namely liquidity, activity, solvency, and profitability ratios. These four ratios will be very useful for management in carrying out its operations or company activities, especially in carrying out short and long-term planning and decision-making.

This research will reexamine research conducted by Susanti and Fuadati (2014) because in Susanti and Fuadati's research, the variables TATO, NPM, and ROA influence profit growth of 55.2%, while the remaining 44.8% is influenced by variables others not examined in this study. The research results are as follows: (1) Based on the results of simultaneous testing, a sig value of 0.027 is obtained so that TATO, NPM, and ROA simultaneously have a significant effect on profit growth because $0.027 < \alpha 0.05$. (2) Based on partial calculations, the sig value of the TATO variable is 0.032, the sig value of the NPM variable is 0.040, and the sig value of the ROA variable is 0.008, so the TATO, NPM, and ROA variables affect profit growth because the sig value of these variables is $< (\alpha) 0.05$. (3) The results of calculating the partial determination coefficient of the variable that has a dominant influence on profit growth is the ROA variable because it has the largest partial determination coefficient value, namely 0.3295. (4) The R square (R^2) value is 0.552, which means that the contribution of the TATO, NPM and ROA variables to profit growth is 55.2%. In comparison, the remaining 44.8% is influenced by other variables not examined in this research. The difference with Susanti and Fuadati's (2014) research lies in the addition of variables, namely the Debt to Equity Ratio (DER) and Working Capital to Total Assets (WCTA) variables.

This research will be conducted on consumer goods industrial companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period. Consumer Goods Industrial Companies were chosen as research objects because the consumer goods industry is a branch of manufacturing companies that have an active role in the capital market. There are still many companies that are members of the consumer goods industry so they have a high level of competition.

2. Literature Review

2.1. Signaling Theory

Signal theory is helpful in avoiding information asymmetry between the company (managers) and outside parties (shareholders). Signal theory is rooted in practical accounting theory, which focuses on the influence of information on changes in the behavior of report users. According to Sari and Zuhrotun (2006), signal theory explains how a company should provide signals to users of financial reports. This signal is information about what management has done to realize the owner's wishes. Signals can be in the form of promotions or other information stating that the company is better than others. Companies can increase company value by reducing asymmetric information between the company and outside parties. One way to reduce asymmetric information is to provide signals to outside parties, one of which is financial information that can be trusted and can reduce uncertainty regarding the company's future prospects.

Management always tries to disclose private information which, in its opinion, is of great interest to investors and shareholders, especially if the information is good news. Management is also interested in conveying information that can increase its credibility and the company's success, even though this information is not required. Signals about good future performance given by companies whose past performance has not been good will not be trusted by the market or outside parties.

2.2 Stakeholder Theory

The introduction of the concept of the corporate organizational environment, which has developed in line with the development of a systems approach in management, has changed the way managers and management theorists view organizations, especially regarding how a corporate organization can achieve its goals effectively. The shift in orientation in the business world from shareholders to stakeholders has been cited as the cause of the emergence of the issue of corporate social responsibility.

Stakeholders are all parties, both internal and external, who have a relationship that either influences or is influenced, directly or indirectly, by the company. This means that companies are greatly influenced by stakeholder support, so companies must consider the wishes of these stakeholders and provide information about the company's activities. Because when a company does not follow the wishes of stakeholders, it is not impossible that the company will reap protests and can eliminate stakeholder legitimacy. On the basis of the arguments above, stakeholder theory shows that profit growth can be a profitable element as a company strategy, contributing to risk management and maintaining relationships that can provide long-term profits for the company, as well as research by Indrawan (2011) which shows the influence of profit growth on the company's financial performance.

2.3 Research Hypothesis

2.3.1 The Effect of Total Asset Turnover on Profit Growth

Total assets turnover reflects the company's ability to measure the level of efficiency in utilizing company resources in carrying out daily activities. Total assets turnover is used to measure how many sales are obtained from each rupiah of assets. The higher the total assets turnover, the higher the profit growth.

Research by Ndaru Hesti Cahyaninrum (2014) shows that the Total Asset Turnover (TAT) variable partially has a significant negative effect on profit growth. The research results of Susanti and Fuadati (2014) show that the Total Asset Turnover (TAT) variable partially influences profit growth. Meanwhile, Victorson Taruh's research (2011) shows that the Total Asset Turnover variable has not been proven to significantly influence profit growth. Research by Danny Oktanto, Muhammad Nuryanto (2014) shows that there is no influence between total asset turnover on changes in company profits. Research by Malinda Yuliani Pascarina (2016) shows that the Total Asset Turnover (TAT) variable has no effect on profit growth. Research by Teguh Erawati and Ignatius Joko Widayanto (2016) concluded that the Total Asset Turnover (TAT) variable had no significant effect on profit growth.

H₁: Total asset turnover has no positive effect on profit growth

2.3.2 Effect of Net Profit Margin on Profit Growth

Net profit margin measures the profit margin on sales, where the larger the net profit margin, the better because it is considered that the company's ability to earn profits is quite high and will have a good effect on profit growth.

Research by Ndaru Hesti Cahyaninrum (2014) shows that the Net Profit Margin (NPM) variable partially has a significant negative effect on profit growth. The research results of Susanti and Fuadati (2014) show that the Net Profit Margin (NPM) variable partially influences profit growth. Petra M. Sitorus's (2014) research shows that in part it has a significant positive effect on profit growth. Meanwhile, research by Malinda Yuliani Pascarina (2016) shows that the Net Profit Margin (NPM) variable has no effect on profit growth. The research results of Azeria Ra Bionda and Nera Marinda Mahdar (2017) show that net profit margin has no effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that negative net profit margins do not have a significant effect on profit growth.

H₂: Net profit margin has a positive effect on profit growth

2.3.3 Effect of Return on Assets on Profit Growth

ROA functions to measure a company's effectiveness in generating profits by utilizing the assets it owns. The greater the ROA a company has, the more efficient the use of assets, which will increase profits. ROA simultaneously has a significant effect on profit growth.

Susanti and Fuadati (2014) show that Return On Assets influences profit growth. The research results of Azeria Ra Bionda and Nera Marinda Mahdar (2017) show that Return on Assets has a significant effect on profit growth. Meilyanti (2017) concluded that the results of her research showed that there was a significant influence between the Return On Asset variable on profit growth. Teguh Erawati and Ignatius Joko Widayanto (2016) concluded research that the Return On Assets (ROA) variable had a significant effect on profit growth. Meanwhile, research by Petra M. Sitorus (2014) shows that Return On Assets (ROA) does not have a significant effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that positive Return on Assets does not have a significant effect on profit growth.

H₃: Return on assets has a positive effect on profit growth

2.3.4 Effect of Debt to Equity Ratio on Profit Growth

Debt to equity ratio (DER) shows the comparison of the amount of funds provided by borrowers (creditors) and company owners, where the greater the debt to equity ratio, the better it will be for profit growth, conversely the lower the debt to equity ratio, the higher the level of funding provided. owner and the greater the security limit for the borrower.

Danny Oktanto and Muhammad Nuryanto (2014) concluded their research that the DER variable significantly affects changes in profits. The research results of Mohamad Rizki Zakaria (2015) show that the debt-to-equity ratio (DER) has a positive and significant effect on Earning Growth. Meanwhile, Meilyanti's (2017) research indicates no significant influence between the Debt-to-Equity Ratio variable on Profit Growth. Research by Cahyaningrum (2014) shows that the Debt-to-Equity Ratio (DER) variable has no significant effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that a negative debt-to-equity ratio does not have a substantial effect on profit growth.

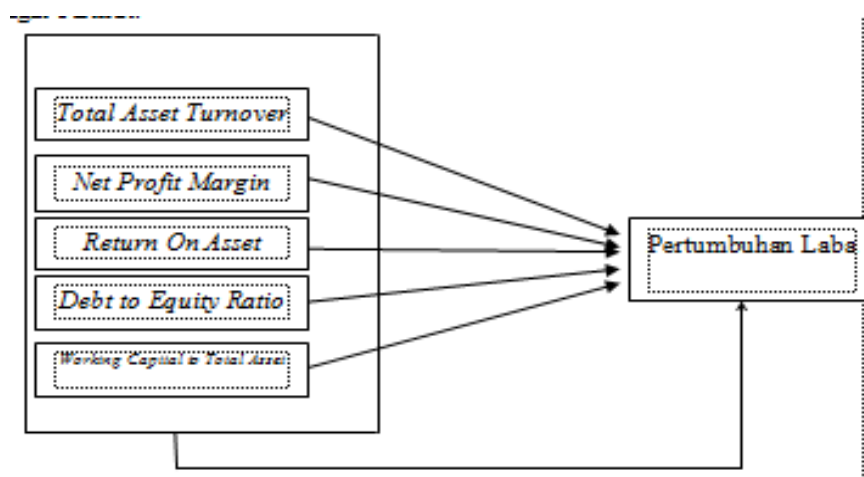
H₄: Debt to equity ratio has a positive effect on profit growth

2.3.5 Effect of Working Capital to Total Assets on Profit Growth

Working Capital to Total Assets (WCTA) is a liquidity ratio. Liquidity is the company's ability to meet its short-term obligations. A high WCTA indicates the greater the working capital obtained by the company compared to its total assets. With large working capital, the company's operational activities will run smoothly so that the income earned will increase and this will result in the profits earned also increasing. The greater the WCTA, the greater the profit, which in turn will influence the increase in profit growth.

Research by Ndaru Hesti Cahyaningrum (2014) shows that the Working Capital to Asset (WCTA) variable has no significant effect on profit growth. Teguh Erawati and Ignatius Joko Widayanto (2016) also concluded that the Working Capital to Total Assets (WCTA) variable had no significant effect on profit growth. Windi Hartini (2012) concluded the results of her research that Working Capital to Total Assets (WCTA) had no effect on profit growth in property and real estate companies.

H5: Working capital to total assets has no significant effect on profit growth.
Figure 1. Framework of Thought



3. Research Method

The type of data used in this research is secondary data, namely quantitative data. Data obtained from the Indonesian Stock Exchange Website (www.idx.co.id) regarding annual reports obtained from the Indonesian Stock Exchange. The data collection method used in this research is documentation. The population in this research is consumer goods industrial companies listed on the Indonesia Stock Exchange (BEI) in 2020-2022, as many as 40 consumer goods industrial companies. Sample selection was carried out using a purposive sampling method with the aim of obtaining a representative sample according to the specified criteria of 11 companies.

Table 1 : Operational Research Variables

No	Variable	Operational Definition	Indikator	Measuring Scale
1	Profit growth (Y)	Profit growth is the result of the difference between the previous period's profit and the current	-Net Profit for the current year -Previous Year Net	Ratio

No	Variable	Operational Definition	Indikator	Measuring Scale
		period's profit. -Net Profit for the current year	Profit	
2	<i>Total Asset Turnover (X1)</i>	Ratio that compares sales to total assets	- Sales - Average total asset ratio	Ratio
3	<i>Net Profit Margin (X2)</i>	The ratio used to measure the profit margin on sales	- Net Profit - Sales	Ratio
4	<i>Return On Asset (X3)</i>	Ratio to measure a company's effectiveness in generating profits by utilizing its assets	- Net Profit Before Tax - Total Assets Ratio	Ratio
5	<i>Debt to Equity Ratio (X4)</i>	Ratio to determine the comparison of the amount of funds provided by the borrower (creditor) and the company owner	- Total Debt - Equity	Ratio
6	<i>Working Capital to Total Asset (X5)</i>	<i>Working Capital to Total Assets (WCTA) is a liquidity ratio.</i>	- Current asset -Current Debt -Total Assets	Ratio

3.1 Analysis Techniques

3.1.1 Descriptive Statistics

Descriptive statistical analysis was carried out to determine the average value, highest and lowest values for each variable used in this research. The data taken for analysis is secondary data. The secondary data used is in the form of annual reports of 24 companies in the consumer goods industry sector listed on the Indonesia Stock Exchange.

3.2. Testing Classical Assumptions

3.2.1 Normality Test

The normality test aims to test whether or not the dependent variable and independent variables have a normal distribution in the regression model. A good regression model has a normal or close to normal data distribution. To detect normality, statistical tests can be done.

3.2.2 Multicollinearity Test

A good regression model should not correlate with independent variables. If there is a correlation between independent variables, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is zero.

3.2.3 Heteroscedasticity Test

If there is a certain pattern, such as the points forming a certain regular pattern (wavy, widening then narrowing), then it indicates that heteroscedasticity has occurred. If there is no clear pattern, and the points spread above and below the number 0 on the axis, then heteroscedasticity does not occur (Ghozali, 2006).

3.2.4 Coefficient of Determination (R²)

The purpose of this test is to test the level of closeness or attachment between the dependent variable and the independent variable which can be seen from the value of the coefficient of determination (adjusted R-square). The coefficient of determination value is between zero and one (Ghozali, 2006). In general, the coefficient of determination for time series data usually has a high coefficient of determination value.

3.3 Multiple Linear Regression Analysis

This research uses multiple regression analysis (Multiple Regression Analysis). This multiple linear regression analysis is used to test the effect of financial ratios on profit growth. The model in this research is:

$$Y = \alpha + \beta_1 \text{TAT} + \beta_2 \text{NPM} + \beta_3 \text{ROA} + \beta_4 \text{DER} + \beta_5 \text{WCTA}$$

3.4 Hypothesis Testing

3.4.1 Individual Parameter Significance Test (t Statistical Test)

The purpose of this test is to find out whether each independent variable significantly influences the dependent variable. For this partial test, the t-test is used. If the significant value is smaller than α then the hypothesis is accepted (the regression coefficient is significant). This means that partially the independent variable significantly influences the dependent variable (Ghozali, 2014).

3.4.2 Simultaneous Significance Test (Statistical Test)

The f statistical test basically shows whether all the independent or independent variables included in the model have a joint influence on the dependent/dependent variable (Ghozali, 2014). If the significance value is greater than α then the hypothesis is rejected (the regression coefficient is not significant), which means that simultaneously the independent variables do not have a significant influence on the dependent variable. If the significant value is smaller than α then the hypothesis is accepted (the regression coefficient is significant). This means that simultaneously the independent variables have a significant influence on the dependent variable.

4. Findings and Discussions

4.1 Description of Research Population and Sample

The objects used in this research are consumer goods industrial companies listed on the Indonesia Stock Exchange (BEI), totaling 40 companies and publishing financial reports from 2020-2022. The data used is secondary data in the form of the 2020-2022 annual report on the Indonesia Stock Exchange (IDX) website.

Sampling for this research was carried out using the purposive sampling method. The sample in this research is consumer goods industrial companies that are listed on the Indonesia Stock Exchange (BEI) and have met the criteria set by the researcher. Based on the criteria that have been determined using the purposive sampling method, the companies sampled for this research are 11 consumer goods industry companies.

4.2 Descriptive Statistics

Based on the descriptive statistical data analysis of the research variables, it can be seen that of the 11 companies in the consumer goods industry sector that were the research samples, the TAT variable has an average (mean) value of 1.1567 with a standard deviation of 0.59455 where the standard deviation value is smaller than mean TAT value. Likewise, the minimum value is 0.55, which is smaller than the average value, in contrast to the maximum value of 3.06, which is greater than the average value. The NPM variable has an average (mean) value of 0.0961 with a standard deviation of 0.07574, where the standard deviation value is smaller than the average NPM value. Likewise, the minimum value is 0.01, which is smaller than the average value, in contrast to the maximum value of 0.36, which is greater than the average value.

The ROA variable has an average (mean) value of 0.1221 with a standard deviation of 0.07132, where the standard deviation value is smaller than the average ROA value. Likewise, the minimum value is 0.00, which is smaller than the average value, in contrast to the maximum value of 0.28, which is greater than the average value. The DER variable has an average (mean) value of 0.9446 with a standard deviation of 0.98409, where the standard deviation value is greater than the average DER value. Likewise, the minimum value is 0.17 which is smaller than the average value, in contrast to the maximum value of 5.68 which is greater than the average value.

The WCTA variable has an average (mean) value of 0.3403 with a standard deviation of 0.18676, where the standard deviation value is greater than the WCTA average value. The minimum value is 0.06 which is smaller than the average value, different from the maximum value of 0.80 which is greater than the average value. The Profit Growth variable has an average (mean) value of 0.2624 with a standard deviation of 0.75038, where the standard deviation value is greater than the average value of profit growth. Likewise, the minimum value is -1.00 which is smaller than the average value, in contrast to the maximum value of 2.05 which is greater than the average value.

4.3 Classic Assumption Test

4.3.1 Normality Test

The test results show that the Kolmogorov Smirnov value is 1.136 and the significance is 0.151. If the significance value is <0.05 then the residual data distribution is not normal and if the significance value is >0.05 then the residual data is normally distributed. The results of this study show that the significance is $0.151 > 0.05$, meaning that the residual data is normally distributed.

4.3.2 Multicollinearity Test

Based on the data analysis above, it can be seen that the TAT variable (X1) has a tolerance value of 0.474 and a VIF value of 2.110, the NPM variable (X2) has a tolerance value of 0.182 and a VIF value of 5.498, the ROA variable (X3) has a tolerance value of 0.210. and a VIF value of

4.757, the DER variable (X4) has a tolerance value of 0.843 and a VIF value of 1.186, and the WCTA variable (X5) has a tolerance value of 0.487 and a VIF value of 2.053. Thus, all independent variables in this study have a tolerance value > 0.1 and a VIF value < 10 , so it can be concluded that there is no multicollinearity of the independent variables towards the dependent variable.

4.3.3 Heteroscedasticity Test

Based on data analysis, it can be seen that the TAT variable has a sig value. 0.118, the NPM variable has a sig value. 0.913, the ROA variable has a sig value. 0.255, the DER variable has a sig value. 0.650, and the WCTA variable has a sig value. 0.204. It can be concluded that all independent variable data (TAT, NPM, ROA, DER, and WCTA) have sig values. > 0.05 means that throughout the independent variable data there are no symptoms of heteroscedasticity.

4.4 Coefficient of Determination Test (R^2)

Based on the R^2 test results table, the summary model of the coefficient of determination is shown in the adjusted R^2 value, which is 0.097. This means that 9.7% of the profit growth variable can be explained by the variables TAT, NPM, ROA, DER, and WCTA, while the remaining 90.3% of the dependent variable is explained by other variables not examined in this research or other factors outside Research Model.

4.5 Multiple Linear Regression Analysis

To determine the influence of the independent variable on the dependent variable, it is necessary to carry out an analysis. In this research, the analysis used is multiple linear regression analysis. Multiple linear regression is used because this research examines the influence of financial ratios such as TAT, NPM, ROA, DER, and WCTA (independent variables) on profit growth (dependent variables).

4.5.1 Partial Significance Test (t Test)

Based on the results of the t statistical test, it can be seen that the TAT variable shows that there is no significant relationship with the dependent variable, namely profit growth with a significance level of 5% and 10%. This can be seen from the significant probability value for the TAT variable of 0.276 ($0.276 > 0.05$).

The NPM variable shows that there is no significant relationship with the dependent variable, namely profit growth with a significance level of 5% and 10%. This can be seen from the significant probability value for the NPM variable of 0.692 ($0.692 > 0.05$).

The ROA variable shows that there is no significant relationship with the dependent variable with a significance level of 5% and 10%. This can be seen from the significant probability value for the ROA variable of 0.959 ($0.959 > 0.05$).

The DER variable does not have a significant relationship with the dependent variable with a significance level of 5% and 10%. This can be seen The significant probability value for the DER variable is 0.576 ($0.576 > 0.05$).

Likewise, the WCTA variable does not have a significant relationship with the dependent variable with a significance level of 5% and 10%. This can be seen from the significant probability value for the WCTA variable of 0.607 ($0.607 > 0.05$).

After carrying out multiple regression analysis from table 4.15 above, the regression coefficient values can be entered into the regression equation which is arranged in a multiple linear regression equation as follows:

$$\text{Profit Growth} = -0.259 + 0.377 \text{ TAT} + 1.718 \text{ NPM} + 0.220 \text{ ROA} + 0.087 \text{ DER} - 0.554 \text{ WCTA}$$

To test the significance of each independent variable, pvalue (probability value) is used with a significance level of 5% (0.05). If the significance value is smaller than 0.05 then the regression coefficient is significant. From the results of partial hypothesis testing above, it can be analyzed as follows:

1. TAT Variable

Based on the results of data processing, a significance value of $0.276 > \text{level of significance } (\alpha) = 0.05$ was obtained, so it can be concluded that there is no significant influence between TAT on profit growth.

2. NPM variable

Based on the results of data processing, a significance value of $0.692 > \text{level of significance } (\alpha) = 0.05$ was obtained, so it can be concluded that there is no significant influence between NPM on profit growth.

3. ROA Variable

Based on the results of data processing, a significance value of $0.959 > \text{level of significance } (\alpha) = 0.05$, so it can be concluded that there is no significant influence between ROA and profit growth.

4. DER variable

Based on the results of data processing, a significance value of $0.576 > \text{level of significance } (\alpha) = 0.05$ was obtained, so it can be concluded that there is no significant influence between DER and profit growth.

5. WCTA variables

Based on the results of data processing, a significance value of $0.607 > \text{level of significance } (\alpha) = 0.05$ was obtained, so it can be concluded that there is no significant influence between WCTA on profit growth.

4.5.2 Simultaneous Significance Test (F Test)

Based on the results of the ANOVA or F test above, the calculated F was obtained at 0.458 with a probability level of 0.803 (not significant). It can be concluded that the variables TAT, NPM, ROA, DER, and WCTA do not have a joint effect on profit growth.

4.6 Discussion

4.6.1 Total Asset Turnover (TAT) Has No Effect on Profit Growth

The results of testing the first hypothesis show that the first hypothesis is accepted. The test results show that TAT has no effect on profit growth with a significance value of 0.276, which is greater than 0.05 ($\alpha = 5\%$) and a beta value of 0.377. The results of this research are in line with research by Victorson Taruh (2011) which shows that the Total Asset Turnover variable

has not been proven to significantly influence profit growth. Research by Danny Oktanto, Muhammad Nuryanto (2014) shows that there is no influence between total asset turnover on changes in company profits. Research by Malinda Yuliani Pascarina (2016) shows that the Total Asset Turnover (TAT) variable has no effect on profit growth. Research by Teguh Erawati and Ignatius Joko Widayanto (2016) concluded that the Total Asset Turnover (TAT) variable had no significant effect on profit growth. However, the results of this research contradict the research of Ndaru Hesti Cahyaninrum (2014) showing that the Total Asset Turnover (TAT) variable partially has a significant negative effect on profit growth. Results of research by Susanti and Fuadati (2014) shows that the Total Asset Turnover (TAT) variable partially influences profit growth.

Total assets turnover reflects the company's ability to measure the level of efficiency in utilizing company resources in carrying out daily activities. Total assets turnover is used to measure how many sales are obtained from each rupiah of assets. In this research, goods and consumer goods industry companies listed on the Indonesia Stock Exchange during the 2015-2017 period did not make maximum sales by utilizing the assets they owned, thus profit growth could not be influenced by total assets turnover.

4.6.2 Net Profit Margin (NPM) has a positive influence on profit growth

The results of testing the second hypothesis show that the second hypothesis is rejected. The test results show that NPM has no effect on profit growth with a significance value of 0.692, which is greater than 0.05 ($\alpha = 5\%$) and a beta value of 1.718. This research is in line with research conducted by Malinda Yuliani Pascarina (2016) showing that the Net Profit Margin (NPM) variable has no effect on profit growth. The research results of Azeria Ra Bionda and Nera Marinda Mahdar (2017) show that net profit margin has no effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that negative net profit margins do not have a significant effect on profit growth. However, this research contradicts research by Ndaru Hesti Cahyaninrum (2014) showing that the Net Profit Margin (NPM) variable partially has a significant negative effect on profit growth. The research results of Susanti and Fuadati (2014) show that the Net Profit Margin (NPM) variable partially influences profit growth. Petra M. Sitorus's (2014) research shows that in part it has a significant positive effect on profit growth.

A healthy company should have a positive net profit margin, which indicates that the company is not experiencing losses. The low net profit margin is caused by the income generated by the company from each sale not being able to cover the company's operational costs and the high tax rates imposed. However, in this research, even though the net profit margin produced does not have an effect on profit growth, this is because the NPM value tends to fluctuate so that the rise and fall of NPM does not have an impact on profit growth.

4.6.3 ROA has a positive influence on profit growth

The results of testing the third hypothesis show that the third hypothesis is rejected. The test results show that ROA has no effect on profit growth with a significance value of 0.959, which is a value greater than 0.05 or 0.1 ($\alpha = 5\%$ and 10%) and a beta value of 0.220. The results of this research are in line with research by Petra M. Sitorus (2014) showing that Return On Assets (ROA) does not have a significant effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that positive Return on Assets does not have a significant effect on profit growth. However, this research contradicts research by Susanti and Fuadati (2014)

showing that Return on Assets has an effect on profit growth. The research results of Azeria Ra Bionda and Nera Marinda Mahdar (2017) show that Return on Assets has a significant effect on profit growth. Meilyanti (2017) concluded that the results of her research showed that there was a significant influence between the Return On Asset variable on profit growth. Teguh Erawati and Ignatius Joko Widayanto (2016) concluded research that the Return On Assets (ROA) variable had a significant effect on profit growth.

ROA functions to measure a company's effectiveness in generating profits by utilizing the assets it owns. The greater the ROA a company has, the more efficient the use of assets, which will increase profits. However, in this research, ROA has no effect on profit growth. This is because the ROA of consumer goods and industrial companies listed on the IDX does not maximize the assets they own so that the profits obtained are not maximized.

4.6.4 DER has a positive influence on profit growth

The results of testing the fourth hypothesis show that the fourth hypothesis is rejected. The test results show that DER has no effect on profit growth with a significance value of 0.576, which is greater than 0.05 with a beta value of 0.087. The results of this research are in line with research by Meilyanti (2017) showing that there is no significant influence between the Debt to Equity Ratio variable on Profit Growth. Research by Ndaru Hesti Cahyaningrum (2014) shows that the Debt to Equity Ratio (DER) variable has no significant effect on profit growth. The research results of Nino Sri Purnama Yanti (2017) show that a negative debt to equity ratio does not have a significant effect on profit growth. However, the results of this research are not in line with research by Danny Oktanto and Muhammad Nuryanto (2014) concluding their research that the DER variable has a significant effect on changes in profits. The research results of Mohamad Rizki Zakaria (2015) show that the debt to Equity Ratio (DER) has a positive and significant effect on Earning Growth.

This means that the company's capital structure is dominated by debt rather than capital. The dominance of debt certainly has an impact on the survival of the company, especially in increasing profits earned. This indicates that an increase in company debt used for working capital or company operational activities is not able to produce optimal profits, so changes in the Debt to Equity Ratio have no effect on increasing company performance or profits.

4.6.5 WCTA Has No Effect on Profit Growth

The results of testing the fifth hypothesis show that the fifth hypothesis is accepted. The test results show that WCTA has no effect on profit growth with a significance value of 0.607, which is greater than 0.05 with a beta value of -0.554. The results of this research are in line with research by Ndaru Hesti Cahyaningrum (2014) showing that the Working Capital to Asset (WCTA) variable has no significant effect on profit growth. Teguh Erawati and Ignatius Joko Widayanto (2016) also concluded that the Working Capital to Total Assets (WCTA) variable had no significant effect on profit growth. Windi Hartini (2012) concluded the results of her research that Working Capital to Total Assets (WCTA) had no effect on profit growth in property and real estate companies.

Working Capital to Total Assets (WCTA) is a liquidity ratio. Liquidity is the company's ability to meet its short-term obligations. A high WCTA indicates the greater the working capital obtained by the company compared to its total assets. With large working capital, the company's operational activities will run smoothly so that the income earned will increase and this will

result in the profits earned also increasing. Runy in Hapsari (2007) believes that the greater the WCTA will increase profits which in turn will influence the increase in profit growth. However, in this research, Working Capital to Total Assets (WCTA) has no effect on profit growth, this is because goods and consumer goods industry companies listed on the Indonesia Stock Exchange during the 2020-2022 period were unable to fulfill their short-term obligations because the companies' working capital was smaller. of its total assets.

5. Conclusion

1. The results of testing the first hypothesis show that Total Asset Turnover (TAT) does not affect profit growth. This means that goods and consumer goods industry companies listed on the Indonesia Stock Exchange during the 2020-2022 period did not make maximum sales by utilizing their assets.
2. The results of testing the second hypothesis show that Net Profit Margin (NPM) does not affect profit growth. This is because the level of efficiency of consumer goods and industrial companies on the Indonesian Stock Exchange in reducing company costs is too high.
3. The results of testing the third hypothesis show that Return On Assets (ROA) has no effect on profit growth. This is because the ROA of consumer goods and industrial companies listed on the IDX does not maximize the assets they own so that the profits obtained are not maximized.
4. The results of testing the fourth hypothesis show that the Debt to Equity Ratio (DER) has no effect on profit growth. This means that the increase in company debt used for working capital or company operational activities is not able to produce optimal profits
5. The results of testing the fifth hypothesis show that Working Capital to Assets (WCTA) has no effect on profit growth. This means that goods and consumer goods industry companies listed on the Indonesia Stock Exchange during the 2015-2017 period were unable to fulfill their short-term obligations because profits because the company's working capital was smaller than its total assets.

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