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The Analysis of Factors Affected Profit Growth (Study on Food and Beverage Companies Listed in IDX 2018-2022)

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ABSTRACT

This paper aims are to provide an analysis of Return on Assets, Debt to Equity Ratio, Current Ratio, Total Asset Turn Over, Company Size effect on Profit Growth in Food and Beverage Companies listed on the IDX in 2018-2022. This quantitative method used *purposive sampling which the number of samples obtained was 27 companies with 135 datas. This research analysis method had been use Multiple Linear Regression Analysis and several types of evaluation used the help of SmartPLS Software due to a certain reason. The result show that* Return on Assets and Debt to Equity Ratio had positive and significant effect to Profit Growth, but Current Ratio, Total Asset Turn Over, Company Size had no significant effect. The implication of this study is to enrich The Signaling Theory which is proven by the existence of signals from the company's ROA and DER which are used as a basis information for making investment decisions in the capital market, especially in the food and beverage industry.

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INTRODUCTION

Companies listed on the Stock Exchange aim to attract investors in order to develop the company. According to signaling theory, good company performance is a signal for investors to decide to invest in the company. The performance of a company can be seen by the existence of profit growth. As active investment is necessary for firm growth, the effect of profit on growth is likely to be positive in an environment that is conducive to investment and growth (Lee, 2014). According to Lestari & Khafid (2021), an increasing company profit will give a positive signal to the market and can describe the prospect of the company's growth in the future.

The signalling theory is a theory that concept an action taken by the management of a company that provides clues to investors about how management views the company's prospects. This theory provides an explanation of the reasons why companies have the desire to convey or provide information related to the company's financial reports to external parties. This is due to the situation based on the existence of information asymmetry between company management and external parties (Bergh et al., 2014). The signalling theory is fundamentally concerned with reducing information asymmetry between two parties (Connelly et al., 2011; Spence, 2002). This theory refer to the core problem facing strategic decision makers regarding how they can use signals to reduce the uncertainty situation with incomplete and asymmetrically distributed information (Spence, 1973).

Andayani et al., (2022) states that signal theory is a theory that explains the reasons that encourage companies to provide financial report information to external parties based on the existence of information asymmetry between the company and external parties. Profit growth that increases from year to year will give a positive signal about the company's performance. Profit growth is a measure of a company's performance, so the higher the profit achieved by the company indicates the better the company's performance.

Investment decisions by investors can be determined by the selection of certain sectors that are considered to provide greater opportunities for profit. The consumer goods industry sector is one of the sectors that has an important role in triggering the country's economic growth. Yolanda et al., (2019) stated that the consumer goods industry sector is the main contributor to Indonesia's economic growth. Accoring to Pane et al., (2020), consumer goods industry is one of sector that have quite good profit growth and are able to generate large profits in their operational activities.

It can be seen from Figure 1. that Indonesia's economic growth is still supported by the food and beverage sector with a contribution of 302.28 trillion, which give depiction to the investor for the massive prospect of this industry to decide an investation. However, the performance of the companies of this sector normally considered by the investor, in order to make a brief invest decision.

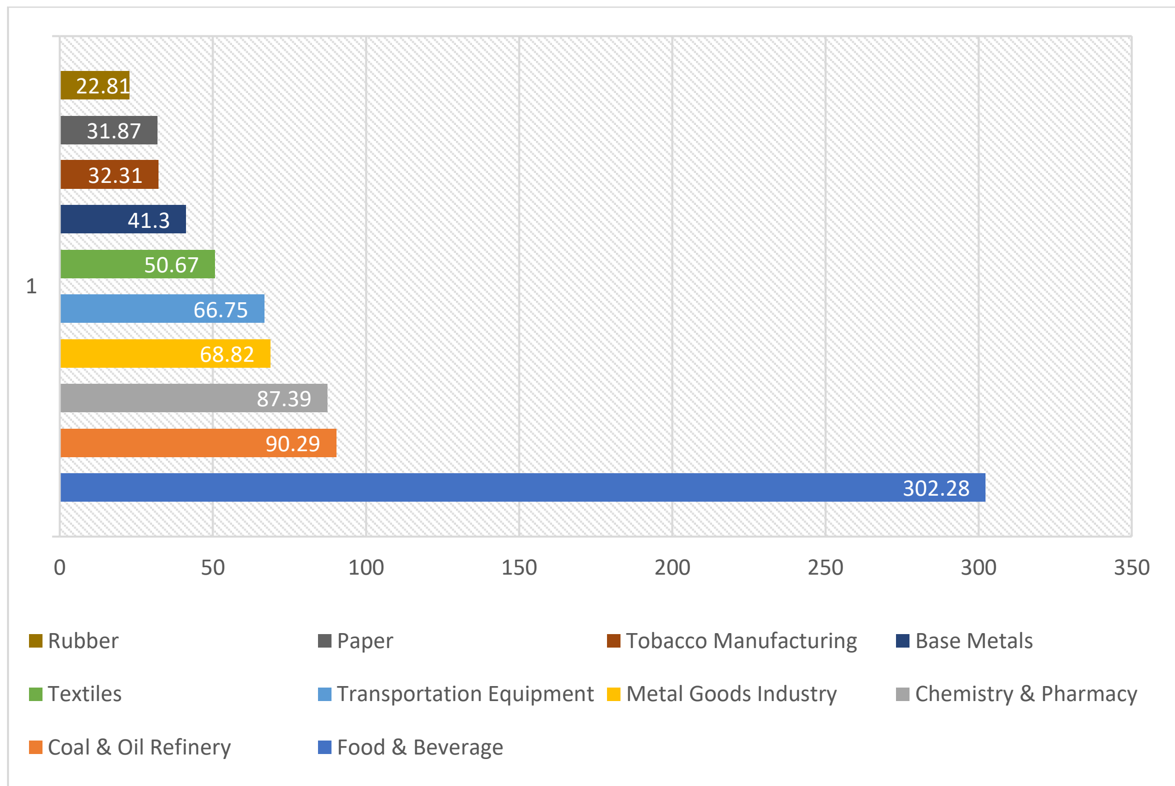

Figure 1.
Industrial Sector GDP by Subsector in 2022

As we stated before that the financial performance of a company can be seen by the profit growth. There are several financial ratios that are determinants of profit growth, namely profitability ratio, solvency ratio, liquidity ratio, and activity ratio. In addition to these financial ratios, company size can also be used as a determinant of the company's profit growth.

Profitability ratio proxied by Return On Asset (ROA). ROA depict the ability of assets to gain profit, this is the reason that ROA will be a good proxy to measure the profit growth. The prior research proved that return on assets have a positive and significant effect on profit growth (Siswanto et al., 2022; Siti Nurhaida & Nurhasanah, 2022; Utami, 2017; Wulandari et al., 2023), but the other research stated that Return on Assets have no significant effect on Profit Growth (Farmawati et al., 2023 & Handayani et al., 2021)).

The solvency ratio used in this study is Debt To Equity Ratio (DER). Basically, DER is a ratio used to see how big the percentage of debt is compared to the capital owned. The bigger this ratio will indicate that the company's ability to pay the debt will be have risk. The prior research stated that debt to equity ratio has an effect on profit growth (Firman & Salvia, 2021). However DER had no significant effect on Profit Growth (Fatonah et al., 2022; Siswanto et al., 2022; Utami, 2017), while the other research gives evidence that

DER had a positive effect on profit growth but not significant (Christianty & Latuconsina, 2023).

The liquidity ratio proxied by Current Ratio (CR). Current Ratio (CR) is a commonly used measure of a company's settlement of short-term debt using its current assets. The more liquid a company is, the more it will show the company's productivity and ability to cope with demands to pay off debts that will soon fall due. The prior research stated that current ratio had a positive and significant effect on profit growth (Christianty & Latuconsina, 2023). However, the opposite research result stated that there was no effect of CR to profit growth (Fatonah et al., 2022; Utami, 2017).

The activity ratio used in this study proxied by Total Asset Turn Over (TATO). TATO is a ratio that represents the company's effectiveness in generating sales using the company's total assets. If a company able to make high sales using the total assets, then the company's activities are predicate as effective and efficient. The prior reseacrh stated that Total Asset Turn Over had a positive and significant effect to profit growth (Christianty & Latuconsina, 2023; Farmawati et al., 2023; Utami, 2017). However, the opposite results came from other research which stated thattotal asset turnover has no effect on profit growth (Firman & Salvia, 2021).

The ability of a company to make a profit can be influenced by company size. It is assumed that the large-scale companies can increase profit growth to be higher. This is since the company's total assets are larger so that the company's business continuity is more secure and the opportunity to earn profits is higher (Lestari & Khafid, 2021). Prior research gives an evidence that firm size had effect to earnings quality, which is mean that the ability to earn income is determined by company size (Anam & Afrohah, 2020). Moreover, Alif et al., (2024) stated that firm size can be correlated with the level of ability to manage assets and efforts to increase the company's profits over time. However, the other research stated that firm size have no significant effect on profit growth (Alif et al., 2024; Endri et al., 2020; Siswanto et al., 2022).

States of the art which deliver a conclusion that the difference of research results that occurs are a basis that the financial ratios in this study need to be re-examined, especially in the food and beverage sector which has promising investment prospects. This study contributes to support signaling theory, that companies listed on the Stock Exchange can provide a positive signal to investors in the form of financial ratios. By providing reports related to financial ratios, it is expected that investors can make investment decisions to increase the company's capital in business because the ratio can be a representation of profit growth in the company.

LITERATURE REVIEW

The Signalling Theory

The signalling theory is a theory that concept an action taken by the management of a company that provides clues to investors about how management views the company's prospects. This theory provides an explanation of the reasons why companies have the desire to convey or provide information related to the company's financial

reports to external parties. This is due to the situation based on the existence of information asymmetry between company management and external parties (Bergh et al., 2014).

Signaling theory is a powerful theoretical foundation that is increasingly used in n explaining investment decisions (Alsos & Ljunggren, 2017). Signalling theory states that good news and bad news from a company's financial performance will be a reference for investors in deciding on investment actions.

Profit Growth

Profit growth is one thing that is very important in many ways. If profit generated by the company continue to increase, then the financial condition in the company will also improve. Conversely, if the profits generated by the company continue to decline, then the financial condition in the company will also get worse (Handayani & Winarningsih, 2020).

Profit growth is the rate of change in total profit from the current year to the previous year (Cahyanti, 2018). To find out profit growth, it can be calculated by subtracting the current year's profit from the previous year's profit, divided by the previous year's profit (Anggraeni, 2017).

Return on Asset

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets (Al-Qudah, 2016). Return on Asset (ROA) is one of the forms of profitability ratios intended to measure the company's ability with the total funds used for its operations to generate profits. The funds in question are all assets owned by the company, both current assets and fixed assets. This ratio is used as a measure of the effectiveness of management in managing its investments (Susanto et al., 2020).

Debt to Equity Ratio

Debt to Equity Ratio (DER) is included in the solvency ratio. The solvency ratio is a ratio used to measure a company's ability to meet all its obligations, both short-term and long-term (Sujarweni, 2019). This ratio is a comparison between debts and equity in company funding and shows the company's own capital ability to meet all its obligations (Kasmir, 2015).

Current Ratio

Current Ratio (CR) is a measure commonly used for the settlement of short-term debt by a company. Current ratio is a ratio that measures the company's ability to pay short-term obligations or debts that are due immediately when billed in full (Susanto et al., 2020).

Total Asset Turn Over

Total Asset Turn Over (TATO) is a ratio that represents the effectiveness of generating sales using the company's total assets. When a company invests less in assets and generates more sales, it increases total asset turnover, which indirectly increases the company's profit (Horne & Wachowicz, 2012).

Hypothesis Development

The effect of Return on Asset to Profit Growth

Return on Asset (ROA) is a ratio to determine the company's ability to earn profit in relation to total assets. The greater the Return on Asset indicates that the company's profit on assets also increases, thus increasing the company's ability to increase profit. Conversely, the smaller the Return on Asset indicates that the profit on assets has decreased, thus reducing the company's ability to increase profit growth (Sayekti & Saputra, 2015) Based on the description above, the first hypothesis in this study is as follows:

H_1 : Return on Asset (ROA) has a significant effect to Profit Growth

The Effect of *Debt to Equity Ratio* to Profit Growth

A high Debt to Equity Ratio (DER) indicates that the company's financial performance is deteriorating, because the company has a lot of debt which means the interest burden will be greater. Conversely, if the Debt to Equity Ratio value is low, it indicates that the company's financial performance is good (Gunawan Ade & Wahyuni Sri Fitri, 2013). According to Wigati (2016) if a company has more capital than debt, then it can be said that this company is in a good position. Companies that are dominated by debt will directly impact the survival of the company, especially in generating and increasing company profits. Based on the description above, the second hypothesis in this study is as follows:

H_2 : Debt to Equity Ratio (DER) has a significant effect to Profit Growth.

The Effect of Current Ratio to Profit Growth

Current ratio (CR) describes the extent to which current assets meet current liabilities. The greater the ratio of current assets to current liabilities, the higher the company's ability to cover its short-term liabilities (Mahaputra, 2012). According to Petra et al., (2020) The higher the Current Ratio, the more it shows the company's ability to pay its short-term debts, so that the company can avoid fines due to inability to pay obligations, so that it can increase the profits obtained. Current Ratio have a significant effect on profit growth Juniarso et al., (2022) and Anggraeni (2017). Based on the description above, the third hypothesis in this study is as follows:

H_3 : Current Ratio had a significant effect to Profit Growth.

The Effect of Total Asset Turn Over to Profit Growth

Companies that have the ability to manage their resources will increase the company's operational activities, especially in increasing the company's profit growth. This means that the company can manage asset turnover and generate profits effectively (Wigati, 2016). Based on the description above, the fourth hypothesis in this study is as follows:

H_4 : Total Asset Turn Over has a significant effect to Profit Growth.

The Effect of Company Size to Profit Growth

Company size is an important indicator of capital structure due to its role to increase the profitability. Many studies stated that large-sized companies will be greater in the use of debt than small-scale companies. Large companies are able to manage debt neatly because the larger the size of the company, the more visible its performance to the

public so that companies will report financial conditions and tend to be more alert and transparent which will produce optimal profits (Lestari & Khafid, 2021). A larger company certainly has more experience and ideas in developing its business, so that it can support the company in obtaining greater profits. Based on the description above, the fifth hypothesis in this study is as follows:

H_5 : Company size has a significant effect to Profit Growth.

METHODOLOGY

Research Data

This research was conducted by taking data from the Indonesia Stock Exchange (IDX) known as www.idx.co.id and the official website of the related company using data from the Food and Beverage Sector Company. The time used during this research was from August 2023 to January 2024.

The population in this study were food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2022. Based on the data obtained, the companies that became the population were 84 companies. The sampling technique used in this study was purposive sampling. The sample selection criteria are as follows:

1) Companies listed on the IDX for the period 2018-2022
2) Companies that IPO after January 1, 2018
3) Companies suspended on the Indonesia Stock Exchange (IDX)
4) Companies that experienced losses during the period 2018-2022

The companies that meet the criteria above is 27 entities with 5 years observation, therefore there are 135 datas available to analyze.

Data Analysis Techniques

Descriptive Statistics

Descriptive statistics provide an overview or description of data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness.

Normality Test

The normality test aims to test whether in the regression model, the interfering variables or residuals have a normal distribution. To see a regression model that is normally distributed or close to normal, namely using Kolmogorov-Smirnov (Ghozali, 2018).

Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should not have a correlation between independent variables. The cutoff value commonly used to indicate

multicollinearity is the Tolerance value ≤ 0.10 or the same as the VIF (Variance Inflation Factor) value ≥ 10 (Ghozali, 2018).

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression mode there is inequality of variance from the residual of one observation to another. A good regression model is one that is homoscedastic or does not experience heteroscedasticity (Ghozali, 2018).

Coefficient of Determination Test (R^2)

This model aims to measure how far the model's ability to explain and describe the variation of the dependent variable. The assessment criteria are that if the value of the coefficient of determination is greater, the ability of the independent variable to explain the dependent variable will be better. The range of the coefficient of determination value is between 0 and 1. The R2 value ranges from 0 to 1, meaning that the independent variable provides almost all the information needed to predict the variation of the dependent variable (Ghozali, 2018).

F Test

The F test is carried out to test the significance of the model simultaneously or together, namely by looking at the influence of all independent variables on the dependent variable (Ghozali, 2018). Decision-making criteria: 1) If F count > F table or significant value < 0.05, then H_0 is rejected and Ha is accepted, meaning that the independent variables together have an influence on the dependent variable. 2) If F count < F table or significant value < 0.05, then H_0 is accepted and Ha is rejected, meaning that the independent variables together have no influence on the dependent variable.

Partial Test (T Test)

The t-test is conducted to test the significance of the model partially, namely to see the influence of the independent variables individually on the dependent variable (Ghozali, 2018). This test is conducted at a significance level of 0.05 with the following provisions: If Sig t < 0.05, then H_0 is rejected and Ha is accepted, which means that the independent variable has a significant effect on the dependent variable. If Sig t > 0.05, then H_0 is accepted and Ha is rejected, which means that the independent variable does not have a significant effect on the dependent variable.

Multiple Linear Regression Analysis

This study uses multiple linear regression method. This multiple regression model is chosen to analyze the relationship between one independent variable and several independent variables. Multiple linear regression analysis aims to measure the intensity of the relationship between two or more variables and make estimates of Y or X. To test

the hypothesis and analyze the relationship between variables, the following model will be used (Ariyanti & Suwitho, 2016).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive analysis and frequency distribution of the research model can be seen in the following table:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	135	.0010	.6250	.099644	.0904484
DER	135	.1080	2.9660	.860007	.6728017
CR	135	.7320	1174.0000	11.570926	100.8252203
TATO	135	.0650	4.4630	1.177215	.8061626
Company Size	135	-.4790	14.3140	8.584615	2.3699745
Profit Growth	135	-14.7170	47.4170	.622133	4.3992695
Valid N (listwise)	135				

Source: Processed Data, 2024

Based on Table 1 above the minimum value of the return on assets variable from 135 food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period is 0.0010 obtained from the company PT. Sekar Bumi Tbk. (SKBM). The maximum value is 0.6250 obtained from the company PT. Indofood Sukses Makmur (INDF). The average value obtained from this variable is 0.099644 with a standard deviation value of 0.904484.

The minimum value of the debt to equity ratio variable from 135 food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period is 0.1080 obtained from the company PT. Wilmar Cahaya Indonesia Tbk. (CEKA). The maximum value is 2.9660 obtained from the company PT. FKS Multi Agro (FISH). The average value obtained from this variable is 0.860007 with a standard deviation value of 0.6728017.

The minimum value of the current ratio variable from 135 food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period is 0.7320 which is obtained from the company PT. Multi Bintang Indonesia Tbk. (MLBI). The maximum value is 1174.00 which is obtained from the company PT. Delta Djakarta Tbk (DLTA). The average value obtained from this variable is 11.570926 with a standard deviation value of 100.8252203.

The minimum value of the total asset turnover variable from 135 food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period is 0.650 obtained from the company PT. Astra Agro Lestari Tbk. (AALI). The maximum value is 4.4630 obtained from the company PT. Tigaraksa Satria Tbk. (TGKA). The average value obtained from this variable is 1.177215 with a standard deviation value of 0.8061626.

The minimum value of the company size variable from 135 food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period is -0.4790 which is obtained from the company PT. Sinar Mas Agro Resources and Technology Tbk. (SMAR). The maximum value is 14.3140 which is obtained from the company PT. Akasha Wira International Tbk. (ADES). The average value obtained from this variable is 8.584615 with a standard deviation value of 2.3699745

Normality Test Result

Table 2.
Results of the Normality Test with Kolmogorov Smirnov

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		135
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.13336593
Most Extreme Differences	Absolute	.350
	Positive	.350
	Negative	-.289
Kolmogorov-Smirnov Z		4.062
Asymp. Sig. (2-tailed)		.000
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Processed Data, 2024

Based on table above, it can be concluded that the data is not normally distributed because the P value (Asymp.Sig) is 0.000, then the P value (Asymp.Sig) is 0.000 <0.05. This means that the regression model is not normally distributed. Based on the Classical Assumption Test conducted, it shows that the research model has problems with normality and heteroscedasticity, so the Smart PLS (Partial Least Square) application is used as a solution to overcome this classical assumption problem.

Multicollinearity Test Result

Tabel 3. Multicollinearity Test Result (*Inner VIF Values*)

Variabel	VIF	Kesimpulan
Return on Asset (X1)	1.239	There is no multicollinearity
Debt to Equity Ratio (X2)	1.228	There is no multicollinearity
Current Ratio (X3)	1.028	There is no multicollinearity
Total Asset Turn Over (X4)	1.024	There is no multicollinearity
Company Size (X5)	1.005	There is no multicollinearity

Source: Processed Data, 2024

Based on Table 3, it can be concluded that the variables return on assets, debt to equity ratio, current ratio, total asset turnover and company size have VIF values <10, so it can be said that the five variables are free from multicollinearity symptoms.

Coefficient of Determination Test Result (R_2)

Tabel 4. Coefficient of Determination Test Result (R^2)

	R Square	*R Square Adjusted*
Profit Growth (Y)	0,491	0,485

Source: Processed Data, 2024

Based on the table above, the Adjusted R Square value is 0.485, which means that the ability of the independent variables (return on assets, debt to equity ratio, current ratio, total asset turnover, company size) to explain the dependent variable (profit growth) is 48.5%, while the remaining 52.5% is explained by other variables not examined in this study.

Hypothesis Test Result (Partial Test)

Tabel 5. *Path Coefficients Test Result(Bootstrapping)*

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics |O/STDEV|)	P Values	Decision
Return on Asset -> Profit Growth	0,291	0,295	0,111	2,622	0,009	Significant
Debt to Equity Ratio -> Profit Growth	-0,208	-0,216	0,128	2,618	0,016	Significant
Current Ratio -> Profit Growth	-0,004	-0,007	0,109	0,039	0,969	Not Significant
Total Asset Turn Over -> Profit Growth	0,072	0,070	0,091	0,799	0,424	Not Significant
Company Size -> Profit Growth	-0,037	-0,038	0,085	0,432	0,666	Not Significant

Source: Processed Data, 2024

Based on the data in Table 5, it is known that the Return on Asset variable has a P Value of 0.009 while the alpha value is 0.05 (P Values > 0.05) and the T Statistics value is 2.622. The value of 0.009 <0.05, The original sample value of 0.291 indicates a positive relationship between ROA and profit growth. Thus, it can be concluded that Return on Asset has a positive and significant effect on Profit Growth.

It is known that the Debt to Equity Ratio variable has a P Value of 0.016 while the alpha value is 0.05 (P Values <0.05) and the T Statistics value is 2.618. The value of 0.016 <0.05. The original sample value of -0.208 indicates a negative relationship between DER

and profit growth. Thus, it can be concluded that Hypothesis 2 accepted that the Debt to Equity Ratio has a significant effect on Profit Growth.

It is known that the Current Ratio variable has a P Value of 0.969 while the alpha value is 0.05 (P Values > 0.05) and the T Statistics value is 0.039. The value of 0.969 > 0.05, then it can be concluded that that the Current Ratio does not have a significant effect on Profit Growth.

It is known that the Total Asset Turn Over variable has a P Value of 0.424 while the alpha value is 0.05 (P Values> 0.05) and the T Statistics value is 0.799. The value of 0.424> 0.05, then it can be concluded that that Total Asset Turn Over does not have a significant effect on Profit Growth.

It is known that the Company Size variable has a P Value of 0.666 while the alpha value is 0.05 (P Values > 0.05) and the T Statistics value is 0.432. The value of 0.666 > 0.05, then it can be concluded that Company Size does not have a significant effect on Profit Growth.

Discussion

The test results show that ROA had a significant effect on profit growth. Return on Asset shows the company's ability to manage assets to make a profit, if the company is able to manage assets well, investors will be more interested in the company. Return on Asset (ROA) is a ratio to determine the company's ability to make a profit in relation to total assets. The greater the Return on Asset indicates that the company's profit on assets also increases, thereby increasing the company's ability to increase profits. Conversely, the smaller the Return on Asset indicates that the profit on assets has decreased, thus reducing the company's ability to increase profit growth. Based on the results of the research that has been conducted, it can be seen that Return on Asset has a significant positive effect on profit growth. The higher the Return on Asset value indicates the higher the profit obtained by the company. This can be a signal for investors because companies that have a high Return on Asset value will show a picture of good company performance, and of course will attract investors to invest. This is in line with research conducted by (Siswanto et al., 2022; Siti Nurhaida & Nurhasanah, 2022; Utami, 2017; Wulandari et al., 2023) which proves that Return on Assets has a positive and significant effect on profit growth.

The test results show that DER had a significant effect on profit growth. Debt to Equity Ratio shows how much the company is financed by debt to external parties. It does not matter if the company makes a small profit so that the company is still able to pay all obligations with the capital it has. A high Debt to Equity Ratio (DER) indicates that the company's financial performance is deteriorating, because the company has accumulated debt which means that the interest burden will be greater. Conversely, if the Debt to Equity Ratio value is low, it indicates that the company's financial performance is good. If a company has more capital than debt, then it can be said that this company is in a good position. Companies that are dominated by debt will directly impact the company's

survival, especially in generating and increasing the company's profits. Based on the tests that have been carried out, it can be concluded that the Debt to Equity Ratio has a positive and significant effect on profit growth. Which means that every increase or decrease in the Debt to Equity Ratio affects Profit Growth. This is in line with research conducted by (Firman & Salvia, 2021). The results of the study that are associated with signaling theory which emphasizes the importance of information on investment decisions are where the size of the value of the Debt to Equity Ratio variable can be a signal for external parties in making investment decisions.

The test results show that CR had no effect on profit growth. Current Ratio shows the company's ability to pay off short-term debt and finance operational activities, if the company can finance its operational activities well, investors will be more interested in the company. Current ratio (CR) describes the extent to which current assets meet current liabilities. The greater the ratio of current assets to current liabilities, the higher the company's ability to cover its short-term liabilities. The higher the Current Ratio, the more the company's ability to pay its short-term debts, so that the company can avoid fines due to inability to pay obligations, so that it can increase the profit obtained. Based on the results of the study, Current Ratio has a negative but insignificant effect on profit growth, which means that an increase in the Current Ratio is followed by a decrease in profit growth, although not significant, and vice versa. This means that the company's ability to meet its short-term obligations does not guarantee the availability of working capital to support the company's operational activities, so that the desired profit is not as expected.

This study is not in line with the research conducted by Christianty & Latuconsina (2023), also by (Juniarso et al., 2022) and (Anggraeni, 2017), proving that the Current Ratio has an effect on profit growth. The results of the study associated with the signaling theory which emphasizes the importance of information on investment decisions are where the size of the Current Ratio variable has not succeeded in becoming a signal for external parties in making investment decisions, the liquidity ratio does not affect profit growth, meaning that changes in the liquidity ratio are not a measure for investors to make stock purchases.

The test results show that TATO had no effect on profit growth. Total Asset Turn Over shows the company's ability to manage assets to make a profit, if the company is able to manage assets well, investors will be more interested in the company. Companies that have the ability to manage their resources will increase the company's operational activities, especially in increasing the company's profit growth. This means that the company can manage asset turnover and generate profits effectively. Based on the tests that have been carried out, it can be concluded that Total Asset Turn Over has a positive and insignificant effect on profit growth. Insignificantly influencing shows that the size of the Total Asset Turn Over value does not affect a company's profit growth. The results of the study associated with signaling theory which emphasizes the importance of information on investment decisions are where the size of the Total Asset Turn Over

variable has not succeeded in becoming a signal for external parties in making investment decisions, the activity ratio does not affect profit growth, meaning that changes in the activity ratio are not a measure for investors to make stock purchases.

From the test results, it shows that Company Size had no effect on profit growth. Company Size shows the size of the company. The bigger the company, the more investors trust to invest their money in the company. To find out the size of the company, it can be determined from the number of assets owned, the profit earned by the company and market capacity. The total assets of a company can provide an overview of the company's performance in the future. Companies that have large total assets indicate that the company is relatively stable and able to generate greater profits compared to companies that have fewer total assets. Based on the test results that have been carried out, it shows that Company Size does not have a significant effect on Profit Growth. This means that the company's total assets do not affect the profit growth of a company. This is in line with research conducted by (Hendarwati & Syarifudin, 2021), (Suyono et al., 2019) proves that Company Size does not affect profit growth. Which means that even large companies will not affect profit growth. The results of the study associated with signaling theory which emphasizes the importance of information on investment decisions are where the size of the Company Size variable has not succeeded in becoming a signal for external parties in making investment decisions, company size does not affect profit growth, meaning that changes in company size are not a measure for investors to make stock purchases. However, this is not in line with research conducted by (Petra et al., 2020) proves that company size has a significant effect on profit growth..

CONCLUSION

The conclusion of the research results is as follows: (1) Return on Asset had a significant effect on profit growth. (2) Debt to Equity Ratio a significant effect on profit growth. (3) Current Ratio had no effect on profit growth. (4) Total Asset Turn Over had no effect on profit growth. (5) Company Size had no effect on profit growth in Food and Beverage Companies listed on the IDX for the 2018-2022 period.

Based on the research that had been conducted, there are still several limitations consisting of: (1) The population used in this study is limited to food and beverage sector companies. (2) In this study, the data used is not normally distributed. So the research was continued using the Smart PLS application. (3) From the research results, it can be seen that there are 3 independent variables that do not affect the dependent variable (profit growth). So there are only 2 hypotheses that are accepted. It is hoped that further researchers can add or change other variables, in order to find out the variables that can affect profit growth in food and beverage sub-sector companies listed on the IDX.

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