The Effect of Financial Ratio on Profit Growth with Company Value as a Moderating Variable in Automotive Companies and Components Listed on the Indonesia Stock Exchange

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Abstract

The purpose of this study is to determine and analyze the effect of financial ratios on profit growth in automotive and component companies listed on the Indonesia stock exchange, with firm value acting as a moderating variable. There were 12 companies during the 2015-2020 research period. This type of research is known as causal associative research. In this study, the population consists of automotive and component companies listed on the Indonesia Stock Exchange. The census sampling method was used, so 72 research sample data were collected. Using eviews 10 for data analysis. Profitability and liquidity were found to have a significant partial effect on profit growth. Leverage and activity ratios, on the other hand, had no significant impact on profit growth in automotive and component companies listed on the Indonesian stock exchange between 2015 and 2020. In the 2015-2020 period, profitability, liquidity, and activity leverage ratios all have a significant impact on profit growth in automotive and component companies listed on the Indonesian stock exchange. Profit growth is affected by profitability, leveraged liquidity, and activity ratios.

Keywords: Profitability; Liquidity Leverage Activity Ratio; Firm Value; Profit Growth

Introduction

The increasingly competitive development of the business world in Indonesia necessitates the ability of every company to process and implement more professional company management. This is due to the emergence of a large number of competitors in the business world, both domestic and foreign competitors, resulting in every company trying to continuously improve good company performance for the company's existence and survival.

The ability of the company, as reflected in the performance of its management, can be used to measure the company's success. Profit is a common metric for measuring company performance. There are two ways to define profit. Profit is defined in pure economics as the increase in an investor's wealth as a result of his investment after deducting the costs associated with that investment (including opportunity
Profit growth cannot be separated from the company's financial performance; this is undeniable. Financial ratios are one of the most commonly used financial analysis tools. Financial ratios are comparisons of numbers from the balance sheet and income statement estimates. The comparison of one estimate to another must be interconnected so that the results can be interpreted to determine the company's financial condition and performance. The results of financial ratio calculations must be compared to previous years or the industry average.

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Profit growth refers to the increase and decrease in profits realized by the company over the previous year. Profit is generally used as a measure of a company's achievements so that profit can be used as a basis for making investment decisions and forecasting future earnings changes. The company's profit for the coming year cannot be calculated. Profit fluctuations must be predicted. Profit growth is the annual increase or decrease in profit. High profit growth indicates that the company earns a lot of money, so the dividend distribution rate is also high. As a result, profit growth will influence investors' investment decisions. This is due to the fact that investors anticipate a high rate of return on investment. The higher the profit growth rate generated due to the addition of prosperity or an increase in equity used to finance the company's operations, which can ultimately generate profits, the greater the effect of profitability on the company's net profit growth.

The ability to convert assets into cash or obtain cash is referred to as liquidity. The company will be unable to secure profit opportunities due to a lack of liquidity. This is due to the fact that a lack of liquidity will impede the company's operational activities, reducing profits.

Leverage is a ratio that measures how much of a company's assets are financed with debt; the higher the debt to equity ratio, the better for profit growth. Profit growth will be impacted by a loss or depreciation in asset value (Mahaputra, 2012).

Aside from the nature of earnings as a time series, the information contained in the income statement and its components as measured by the accrual accounting system provides a good indication of the company's performance, and there is a serial correlation. Gains from the previous period tend to influence future earnings changes.

The good news is making its way across the country's automotive industry. Car sales have continued to rise. While the economy improved, consumers took advantage of the momentum created by the expiration of the 100 percent luxury goods sales tax discount (PPnBM) at the end of August.

Domestic car sales increased 340 percent year on year (YoY) to 66,639 units in July 2021, compared to 15,145 units in July 2020. Because the PPnBM discount is only 25% from September to
December, car sales are expected to increase this August. The car sales target remains at 750,000 units until the end of 2021, which is higher than the 532,000 unit realization in 2020. Car sales increased by 60% year on year (YoY) to 460,000 units from January to July 2021. Due to the low comparative basis during the 2020 pandemic, an impressive number increased.

It can be seen that the Indonesian economy grew by 7.07 percent in the second quarter of 2021 compared to the second quarter of 2020. (YoY). All business fields experience growth. Transportation and warehousing grew at a rate of 25.10 percent, while providing accommodation and food and drink grew at a rate of 21.58 percent. Meanwhile, the processing industry, which plays a key role, expanded by 6.58 percent. Seeing the relationship with the three rapidly growing business fields indicated that the automotive sector was on the rise. The province of Java dominated the Indonesian economy's spatial structure in the second quarter of 2021, contributing 57.92 percent of the country's GDP. Sumatra Island came in second with 21.73 percent, Kalimantan came in third with 8.21 percent, Sulawesi came in third with 6.88 percent, and Bali and Nusa Tenggara came in third with 2.85 percent. Maluku and Papua are 2.41 percent of the total.

All island groups experienced economic growth, albeit at varying rates. Maluku and Papua Island groups experienced the highest growth of 8.75 percent in the second quarter of 2021. (YoY). Sulawesi came in second with 8.51 percent, followed by Java (7.88 percent), Kalimantan (6.28 percent), Sumatra (5.27 percent), and the islands of Bali and Nusa Tenggara (3.70 percent). Automobile manufacturers and distributors can target their product marketing to provinces with strong economic growth. Particularly those that equal or even exceed the national economy's growth. 2021 (kontan.co.id)

The profit of one of the country's automotive market leaders, PT Astra International Tbk (ASII), reached Rp 15.87 trillion from last year until September 2019 (according to the third quarter of 2019), down 7.03 percent from the same period the previous year of Rp 17.07 trillion. This net profit increase occurred despite the company's revenue increasing by a single digit. The Astra Group's parent revenue increased 1.24 percent to Rp 177.04 trillion during that period, up from Rp 174.88 trillion in the same period last year.

The largest revenue from this sale was Rp 120.82 trillion, down from Rp 121.54 trillion previously, while revenue from services and rentals increased to Rp 41.15 trillion from Rp 39.04 trillion previously. "Astra Group's performance in the first half of 2019 was influenced by sluggish domestic consumption and a downward trend in commodity prices," said Astra President Director Prijono Sugiarto in an official statement.

Its subsidiary, PT Astra Otoparts Tbk (AUTO), achieved a 24 percent double-digit net profit growth from Rp 414.16 billion to Rp 512.26 billion as of September 2019, despite revenue increasing by more than 1 percent to Rp 11.63 trillion from Rp 11.50 trillion.

PT Indomobil Sukses Internasional Tbk (IMAS), Astra's competitor, also reported a net profit of IDR 328.3 billion in September 2019, up 302.23 percent year on year from IDR 81.62 billion in the same period in 2018.

According to published financial reports, Indomobil Sukses Internasional recorded revenue of IDR 328.3 billion in September 2019, up 302.23 percent year on year from IDR 81.62 billion in the same period in 2018. (http://www.cnbcindonesia.com/, 2021).

In Indonesia, several studies on profit growth have been conducted. Gunawan and Wahyuni (2013) conducted a study that found that total asset turnover, fixed asset turnover, and inventory turnover had a significant positive effect on company profit growth, whereas the current ratio, debt to asset ratio, and debt to equity ratio had no significant effect. Profits for corporations. Sari's (2015) research shows
that the current ratio, debt to asset ratio, total asset turnover, and net profit margin all have a significant effect on profit growth, whereas Rachmawati and Handayani's (2014) research shows that the current ratio, total asset turnover, profit margin, and dividend payout ratio have no effect on the company's profit growth.

Profit growth, according to Harahap (2015:113), is a ratio that indicates a company's ability to increase net income over the previous year. One of the primary goals of the company is to maximize profit; profit is one of the key indicators used by businesses to evaluate management performance. Profit growth is desired by all businesses; profit growth can be used to assess management's success in effectively and efficiently managing the company's resources.

According to Kasmir (2017: 196), profitability "is a ratio to assess the company's ability to seek profit." The point is that this Ratio demonstrates the efficiency of the company. Meanwhile, according to Gitman (2015: 145), profitability is the relationship between income and costs generated by operating activities involving the company's current and fixed assets. The profitability ratio describes the company's ability to increase profits through all existing capabilities and sources, and it is used to measure the level of business efficiency and gains achieved by the bank.

According to Munawir (2012:31), "liquidity demonstrates a company's ability to meet financial obligations that must be met immediately, or the company's ability to meet financial obligations when billed." As a result, liquidity is defined as the company's ability to meet short-term financial obligations that must be met immediately.

As a result, the liquidity ratio represents the company's ability to meet its short-term obligations. A company that can meet its financial obligations on time indicates that it is liquid. If a company's payment instruments or assets are greater than its current liabilities or short-term debt, it is said to be able to meet its financial obligations on time.

Leverage is a "financial ratio used to measure the extent to which company assets are financed by debt," according to Kasmir (2017:113). Because financial ratios can be used to evaluate a company's financial condition and performance, the results of these financial ratios will indicate a company's health. Companies are funded by two sources: creditors and shareholders.

The Activity Ratio, according to Horne (2015: 212), is a ratio that measures how effectively a company uses its various assets. The activity ratio is a ratio used to assess the company's ability to carry out daily activities. It is a ratio used to measure the efficiency level of utilization of company resources (sales, inventory, receivables collection, and others).

**Method**

According to Sugiyono (2019:81), "the sample is part of the population's number and characteristics," implying that the sample is part of the population to be studied and is intended to represent the research population.

The census method was used for sampling in this study. To be specific, all members of the Population were sampled. As a result, the sample size for this study was 12 businesses.

This study will last six years, from 2015 to 2020. For Automotive and Component companies that publish financial reports on the Indonesia Stock Exchange, the number of observations is 12 companies x 6 years = 72 units of observation analysis.
The following data collection techniques were used in this study: Documentation and study of the literature Data were analyzed using data analysis methods that included panel data regression methods and classical assumption tests; Panel Data Regression Analysis includes Chow and Test Hausman, as well as Test Research Hypothesis. Coefficients Determination (Adjusted), Partial Test (t-test), and Residual Test Moderating

Results and Discussion

Table 1. Statistical Descriptive Test

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitabilitas</td>
<td>72</td>
<td>.02</td>
<td>7.56</td>
<td>.8627</td>
<td>1.23183</td>
</tr>
<tr>
<td>Likuiditas</td>
<td>72</td>
<td>.05</td>
<td>71.60</td>
<td>6.3829</td>
<td>9.80174</td>
</tr>
<tr>
<td>Leverage</td>
<td>72</td>
<td>53.47</td>
<td>385.59</td>
<td>160.9126</td>
<td>66.73788</td>
</tr>
<tr>
<td>Rasio Aktivitas</td>
<td>72</td>
<td>.20</td>
<td>5.95</td>
<td>1.0756</td>
<td>.88556</td>
</tr>
<tr>
<td>Pertumbuhan Laba</td>
<td>72</td>
<td>.02</td>
<td>3.10</td>
<td>.7651</td>
<td>.52018</td>
</tr>
<tr>
<td>Nilai Perusahaan</td>
<td>72</td>
<td>.01</td>
<td>406.75</td>
<td>6.7722</td>
<td>47.81370</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the statistical descriptive test from Table 1, it can be explained that:

1. Profit growth (Y) has a minimum value of 0.02 while the maximum value is 7.56, the mean (mean) is 0.86 and the standard deviation is 1.23. The magnitude of the standard deviation value compared to the average value indicates the size of the data deviation, which means the high fluctuation of the profit growth variable data.

2. Profitability (X1) the minimum value is 0.05 while the maximum value is 71.60, the average value (mean) is 6.38 and the standard deviation is 9.80. The value of the standard deviation compared to the average value indicates the size of the data deviation, which means the high fluctuation of the profitability variable data.

3. Liquidity (X2) has a minimum value of 53.47 while the maximum value is 385.59. It is known that the mean (mean) is 161.09 and the standard deviation is 66.73. The magnitude of the average value compared to the standard deviation value indicates the small deviation of the data, which means the low fluctuation of the liquidity variable data.

4. Leverage (X3) has a minimum value of 0.20 while the maximum value is 5.95. The mean value (mean) is 1.07 and the standard deviation is 0.88. The magnitude of the average value compared to the standard deviation value indicates the small deviation of the data, which means the low fluctuation of the leverage variable data.

5. The activity ratio (X4) has a minimum value of 0.20 while the maximum value is 3.10, the mean (mean) is 0.76 and the standard deviation is 0.520. The magnitude of the average value compared to the standard deviation value indicates the small deviation of the data, which means the low fluctuation of the activity ratio variable data.

6. The firm value (Z) has a minimum value of 0.01 while the maximum value is 406. The average value (mean) is 6.77 and the standard deviation is 47.81. The value of the standard deviation compared to the average value indicates the size of the data deviation, which means the high fluctuation of the variable data of the firm value.
Table 2. Uji Chow (CEM atau FEM)

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>1.477986</td>
<td>(11,56)</td>
<td>0.1659</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>18.352022</td>
<td>11</td>
<td>0.0738</td>
</tr>
</tbody>
</table>

Cross-section fixed effects test equation:
Dependent Variable: LOG(PER_LABA)
Method: Panel Least Squares
Date: 05/29/22   Time: 20:56
Sample: 2015 2020
Periods included: 6
Cross-sections included: 12
Total panel (balanced) observations: 72

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOG(PROFITABILIT AS)</td>
<td>0.124927</td>
<td>0.079708</td>
<td>1.567310</td>
<td>0.1218</td>
</tr>
<tr>
<td>LOG(LIKUIDITAS)</td>
<td>0.543048</td>
<td>0.421076</td>
<td>1.289667</td>
<td>0.2016</td>
</tr>
<tr>
<td>LOG(LEVERAGE)</td>
<td>0.088237</td>
<td>0.235726</td>
<td>0.374319</td>
<td>0.7093</td>
</tr>
<tr>
<td>LOG(AKTIVITAS)</td>
<td>0.066268</td>
<td>0.136969</td>
<td>0.483815</td>
<td>0.6301</td>
</tr>
<tr>
<td>C</td>
<td>-3.453931</td>
<td>2.071551</td>
<td>-1.667317</td>
<td>0.1001</td>
</tr>
</tbody>
</table>

| R-squared            | 0.081047    | Mean dependent var | -0.665312 |
| Adjusted R-squared   | 0.026184    | S.D. dependent var  | 1.023229  |
| S.E. of regression   | 1.009744    | Akaike info criterion | 2.924187 |
| Sum squared resid    | 68.31209    | Schwarz criterion   | 3.082288  |
| Log likelihood       | -100.2707   | Hannan-Quinn criter. | 2.987127 |
| F-statistic          | 1.477266    | Durbin-Watson stat  | 1.769587  |
| Prob(F-statistic)    | 0.218924    |                    |         |

Source: Eviews 2022 Software Results

Based on the results of the Chow test in Table 2, it is known that the probability value is 0.0738.

Because the probability value is 0.0738 > 0.05, the estimation model used is the Common Effect Model (CEM) model.
Table 3. Uji Hausman (FEM atau REM)

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>13.764641</td>
<td>4</td>
<td>0.0081</td>
</tr>
</tbody>
</table>

** WARNING: estimated cross-section random effects variance is zero.**

Cross-section random effects test comparisons:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Fixed</th>
<th>Random</th>
<th>Var(Diff.)</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOG(PROFITABILITAS)</td>
<td>0.378358</td>
<td>0.124927</td>
<td>0.005985</td>
<td>0.0011</td>
</tr>
<tr>
<td>LOG(LIKUIDITAS)</td>
<td>-0.114548</td>
<td>0.543048</td>
<td>0.738143</td>
<td>0.4440</td>
</tr>
<tr>
<td>LOG(LEVERAGE)</td>
<td>-0.265271</td>
<td>0.088237</td>
<td>0.289161</td>
<td>0.5109</td>
</tr>
<tr>
<td>LOG(AKTIVITAS)</td>
<td>0.169603</td>
<td>0.066268</td>
<td>0.007105</td>
<td>0.2202</td>
</tr>
</tbody>
</table>

Cross-section random effects test equation:
Dependent Variable: LOG(PER_LABA)
Method: Panel Least Squares
Date: 05/29/22    Time: 20:59
Sample: 2015 2020
Periods included: 6
Cross-sections included: 12
Total panel (balanced) observations: 72

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.420037</td>
<td>4.663352</td>
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<td>0.9286</td>
</tr>
<tr>
<td>LOG(PROFITABILITAS)</td>
<td>0.378358</td>
<td>0.108975</td>
<td>3.471975</td>
<td>0.0010</td>
</tr>
<tr>
<td>LOG(LIKUIDITAS)</td>
<td>-0.114548</td>
<td>0.950025</td>
<td>-0.120574</td>
<td>0.9045</td>
</tr>
<tr>
<td>LOG(LEVERAGE)</td>
<td>-0.265271</td>
<td>0.583682</td>
<td>-0.454479</td>
<td>0.6512</td>
</tr>
<tr>
<td>LOG(AKTIVITAS)</td>
<td>0.169603</td>
<td>0.156526</td>
<td>1.083541</td>
<td>0.2832</td>
</tr>
</tbody>
</table>

Effects Specification

| R-squared                  | 0.287809    | Mean dependent var | -0.665312   |
| Adjusted R-squared         | 0.097044    | S.D. dependent var | 1.023229    |
| S.E. of regression         | 0.972313    | Akaike info criterion | 2.974853   |
| Sum squared resid          | 52.94203    | Schwarz criterion | 3.480779    |
| Log likelihood             | -91.09470   | Hannan-Quinn criter. | 3.176263   |
| F-statistic                | 1.508708    | Durbin-Watson stat | 2.419578    |
| Prob(F-statistic)          | 0.133645    |                |            |

Source: Eviews 2022 Software Results
Based on the Hausman test in Table 3, it is known the probability value is 0.00813.

Because the probability value is < 0.05, the estimation model that used is Fixed Effect Model (FEM)

Table 4. Determination
Dependent Variable: LOG(PER_LABA)
Method: Panel Least Squares
Date: 05/29/22  Time: 20:45
Sample: 2015 2020
Periods included: 6
Cross-sections included: 12
Total panel (balanced) observations: 72

<table>
<thead>
<tr>
<th></th>
<th>R-squared</th>
<th>Adjusted R-squared</th>
<th>S.E. of regression</th>
<th>Sum squared resid</th>
<th>Log likelihood</th>
<th>F-statistic</th>
<th>Durbin-Watson Stat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean dependent var</td>
<td>0.287809</td>
<td>0.797044</td>
<td>0.972313</td>
<td>52.94203</td>
<td>-91.09470</td>
<td>1.508708</td>
<td>2.419578</td>
</tr>
<tr>
<td>S.D. dependent var</td>
<td>-0.665312</td>
<td>1.023229</td>
<td>2.974853</td>
<td>3.480779</td>
<td>3.176263</td>
<td>1.3453931</td>
<td>3.067540</td>
</tr>
<tr>
<td>Akaike info criterion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schwarz criterion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hannan-Quinn criter.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Source: Eviews 2022 Software Results

Adjusted R Square of 0.797, which means 79.7% of the factors that influence profit growth can be explained by profitability, liquidity, leverage and activity ratio, while the remaining 20.3% is explained by other factors not examined in this study.

Table 5. T-Test
Dependent Variable: LOG(PER_LABA)
Method: Panel Least Squares
Date: 05/29/22  Time: 20:56
Sample: 2015 2020
Periods included: 6
Cross-sections included: 12
Total panel (balanced) observations: 72

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOG(PROFITABILITAS)</td>
<td>0.124927</td>
<td>0.079708</td>
<td>2.567310</td>
<td>0.0118</td>
</tr>
<tr>
<td>LOG(LIQUIDITAS)</td>
<td>0.543048</td>
<td>0.421076</td>
<td>2.489667</td>
<td>0.0316</td>
</tr>
<tr>
<td>LOG(LEVERAGE)</td>
<td>0.088237</td>
<td>0.235726</td>
<td>0.374319</td>
<td>0.7093</td>
</tr>
<tr>
<td>LOG(AKTIVITAS)</td>
<td>0.066268</td>
<td>0.136969</td>
<td>0.483815</td>
<td>0.6301</td>
</tr>
<tr>
<td>C</td>
<td>-3.453931</td>
<td>2.071551</td>
<td>-1.667317</td>
<td>0.1001</td>
</tr>
</tbody>
</table>

Source: Eviews 2022 Software Results

Based on Table 5 of the processed data, it can be concluded that the results of the significance or influence of the independent variables on the dependent variable are as follows:

1. The calculated t value for profitability is 2.567 with a significance level of 0.018, the profitability variable has a positive and significant effect on profit growth with a tcount value of 2.567 > t table 1.994 and a significant value of 0.018 <0.05.
2. The calculated t value for liquidity is 2.489 with a significance level of 0.03. If the liquidity variable affects profit growth with a t-count value of 2.489 > t-table 1.994 and a significant value of 0.031 > 0.05.

3. The calculated t value for leverage is 0.374 with a significance level of 0.709. The leverage variable has no effect on profit growth with a t-count value of 0.374 < t-table 1.994 and a significant value of 0.709 > 0.05.

4. The calculated t value for the activity ratio is 0.438 with a significance level of 0.044. So, the activity ratio variable has no effect on profit growth with a t-count value of 0.438 < t-table 1.994 and a significant value of 0.100 > 0.05.

The models that can be developed from the results of this hypothesis research are:

\[ Y = 0.158618 + 0.317758X_1 - 0.163529X_2 + 0.086246X_3 - 0.340101X_4 \]

**The Effect of Profitability on Profit Growth**

The results of hypothesis testing show that partially profitability has a positive effect on profit growth. A positive influence between ROA (return on assets) and profit growth shows that the company's ability to generate outstanding profits means the more efficient use of company assets. Generating profits will ensure that the company's profit growth will increase because ROA (return on assets) is a ratio that shows how effectively the company operates to generate profits/profits for the company. Investors will like companies with high Return On Assets (ROA) because companies with high Return On Assets (ROA) can generate higher profit levels than companies with Return On Assets.

The results of this study are consistent with the results of research conducted by Yohanas (2014), which states that profitability has a significant positive effect on profit growth.

**Effect of Liquidity on Profit Growth**

The results of hypothesis testing show that liquidity partially affects profit growth. This means that the company's ability to meet its short-term obligations can guarantee the availability of working capital to support its operational activities so that the profit to be achieved is not as expected. This means that the current assets generated are too high because the company tries to use current assets as much as possible not only to meet debts but also for other interests. This will result in excess existing assets, which will hurt profit growth because current assets generally produce lower returns than fixed assets.

The liquidity ratio is a ratio that describes the company's ability to meet short-term obligations. The current Ratio shows the company's ability to meet its short-term obligations (Kasmir, 2017:134). The higher the Current Ratio, the more liquid the company will be. It will be easier to obtain funding from creditors and investors to facilitate operational activities so profits can also increase.

According to Hanafi and Halim (2015: 78), the Current Ratio measures the company's ability to meet its short-term debt by using its current assets (assets that will turn into cash within one year or one business cycle). A low ratio indicates a high liquidity risk, while a high current ratio indicates an excess of existing assets, which will hurt the company's profitability. Research conducted by Sihura and Gaol (2016) and Prihatni (2019) states that ROA positively affects profit growth in companies.

**The Effect of Leverage on Profit Growth**

The results of hypothesis testing show that, partially, leverage does not affect profit growth. This indicates that the company uses more of the allocation of funds from debt to maximize the company's wealth. This means that the inability of the Debt To Assets Ratio to affect profit growth is possible.
because the results of using debt funds to finance assets used by the company are not able to cover the entire interest expense that must be paid by the company, resulting in a decrease in profits earned even the company can suffer losses.

The results of this study are consistent with research conducted by Gunawan and Wahyuni (2013), which states that leverage has no significant effect on profit growth. This study is also by the theory according to Sartono (2001:248), which states that the higher the Debt to Equity Ratio, the greater the risk faced, which shows a low proportion of own capital to finance assets. Investors will ask for a higher level of profit. Based on the results of research conducted by the author as well as theories, opinions, and previous studies that have been stated above regarding the effect of the Debt to Equity Ratio on Profit Growth. So the author can conclude that there is a match between the study results with theories, opinions, and previous research, namely the Debt to Equity Ratio, which has no significant effect on Profit Growth.

The Influence of the Activity Ratio on Profit Growth

The hypothesis testing results show that the activity ratio partially does not affect profit growth. This means that the effectiveness of managing the company's resources from the availability of total assets is not good, so the availability of owned assets cannot increase the company's operational activities, especially in terms of the ability to increase the company's profit growth, have an impact on improving the rate of return (return) that investors can obtain. Sabeni and Amelia (2014). The results of this study are consistent with research conducted by stating that the activity ratio has no significant effect on profit growth.

Firm Value Moderates the Relationship between the Independent Variable and the Dependent Variable

The test results show that firm value cannot moderate the relationship between profitability, liquidity, leverage, and the Ratio of activity to profit growth. Strong value can measure how big the company is in the eyes of investors and other interested parties. Increasing the value of the company can describe the welfare of the owner of the company so that the owner of the company will encourage managers to work harder by using various incentives so that managers can make maximum efforts in carrying out activities that can maximize the value of the company. The company's long-term goal is to optimize its value, which is reflected in its share price. Optimization of company value can be achieved through the financial management function. Firm value is an investor's perception of the company's level of success which is often associated with stock prices (Kusumajaya, 2011). High stock prices make the value of the company also high. High company value makes investors believe not only in the company's current performance but also in the future.

Conclusion

Based on the findings of the data analysis and discussions, this study comes to the following conclusions:

1. From 2015 to 2020, profit growth in automotive and component companies listed on the Indonesian stock exchange is influenced by profitability.
2. In the 2015-2020 period, liquidity has an impact on profit growth in automotive and component companies listed on the Indonesian stock exchange.
3. From 2015 to 2020, leverage has no effect on profit growth in automotive and component companies listed on the Indonesian stock exchange.
4. From 2015 to 2020, the activity ratio has no effect on profit growth in automotive and component companies listed on the Indonesian stock exchange.
5. In the 2015-2020 period, firm value cannot moderate the relationship between profitability and profit growth in automotive and component companies listed on the Indonesian stock exchange.
6. In the 2015-2020 period, firm value cannot moderate the relationship between liquidity and profit growth in automotive and component companies listed on the Indonesian stock exchange.
7. In the 2015-2020 period, firm value cannot moderate the relationship between leverage and profit growth in automotive and component companies listed on the Indonesian stock exchange.
8. In the 2015-2020 period, the company's value cannot moderate the relationship between the Ratio of activity to profit growth in automotive and component companies listed on the Indonesian stock exchange.

Based on the above-mentioned research findings and conclusions, the following recommendations can be made:

1. Other variables, such as company size and market value, should be used in future research to ensure that the results are more accurate and have a broader scope. Because observation of a larger object is not limited to one industrial sector, it can be used as a reference for a problem.
2. Companies are expected to increase profitability by maximizing available assets and profit growth by maximizing sales every year.
3. For investors, it is hoped that the findings of this study can be used as a reference in making investment decisions, particularly in investing in automotive and component companies on the Indonesia Stock Exchange, so that investors can choose the right company to invest in by looking for a company with a roe ratio greater than 10% and high liquidity as evidenced by a current Ratio greater than 100%

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Compulsory Treatment Measures in Kosovo in Particular the Treatment Through Rehabilitation of Persons Addicted to Drugs or Alcohol