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The Influence of Current Ratio, Debt to Equity Ratio, Return on Asset Ratio, and Return on Equity Ratio on Company Profit Growth During the Covid-19 Pandemic

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Abstract: This research aims to analyze the influence of the current ratio, debt to equity ratio, return on asset ratio, and return on equity ratio on the profit growth of manufacturing companies in the basic industrial and chemical sectors listed on the two Indonesian Stock Exchanges for the 2019-2022 period. The sampling technique used purposive sampling, so that 128 samples were obtained that met the research criteria. The analytical method used is multiple linear regression analysis. The results of this research show that the debt to equity ratio and return on equity ratio have an effect on company profit growth, while the current ratio and return on asset ratio have no effect on company profit growth.

Keyword: Current Ratio, Debt to Equity Ratio, Return on Asset Ratio, Return on Equity Ratio, Profit Growth

1. INTRODUCTION

A pandemic is a sudden and simultaneous outbreak of disease in various parts of the world. The World Health Organization (WHO) defines a pandemic as a term used when there is a sudden increase in disease transmission and virus spread across multiple countries, potentially affecting many people. The WHO declared the coronavirus as a pandemic on March 9, 2020, as the virus had spread widely across the globe (Aeni, 2022). The first Covid-19 case in Indonesia occurred in Depok in March 2020. Since this initial case, the spread of Covid-19 in Indonesia has escalated, with 210,940 confirmed cases of the virus within six months. In response to this situation, the government implemented various policies to curb the spread of Covid-19, such as work from home, large-scale social restrictions (PSBB), and others. The Covid-19 pandemic not only disrupted health systems but also severely impacted the economic structure of all countries, especially Indonesia. The economic impact of the pandemic led to low investor sentiment in the market, ultimately pushing the market into negative territory. The pandemic, which began in March 2020, caused the economy in 2020 to collapse, as seen in the decline in Gross Domestic Product (GDP), which dropped to -2.07% in 2020 compared to

5.02% growth in 2019 (Aeni, 2022). This poses a challenge for the Indonesian government to restore the economy and prevent excessive economic decline.

The manufacturing industry is one of the key sectors supporting national economic growth. However, the Covid-19 pandemic has had a significant impact on manufacturing activities in Indonesia. Manufacturing companies faced numerous challenges during the pandemic, including rising costs of raw materials and auxiliary goods, which affected supply and demand (Kholisdinuka, 2020). Due to decreased consumer demand during the Covid-19 pandemic and high production costs, this situation clearly affected company profits. If this continues, it will lead to a further decline in profits, causing financial reports to deteriorate each year. This, in turn, will undermine investor confidence in investing in the company.

Financial statements are information that depict a company's financial condition and serve as a basis for predicting its financial position and performance in the future. The information provided in financial statements offers an overview of the company's financial condition and performance over a given period (Ariyanti, 2020). Profit growth is the percentage increase in profits that a company can generate in the form of net income. Healthy profit growth reflects good corporate performance, and typically, when the economy is strong, companies experience positive growth (Nurhadi, 2022). Corporate performance is a key indicator of a company's progress. Financial performance can be evaluated based on the quality of financial statements, which reveal the health of a company and provide valuable insights to stakeholders, including the government, management, and potential investors. One method to assess the strengths or weaknesses of a company is by evaluating its financial performance using financial ratios. This can be achieved through various methods and ratio calculations to assess the financial health of a company (Awaloedin, Hasanudin, & Subekti, 2020). A ratio is a measurement tool used by companies to analyze financial statements. It represents a relationship or comparison between one figure and another (Atul, Sari, & Lestari, 2022). By using a financial ratio as an analysis tool, analysts can assess and provide an overview of the financial position or condition of a company over a given period. Financial ratio analysis is a performance analysis tool that explains various financial relationships and indicators, aiming to show changes in a company's financial condition or past operational performance, and to help illustrate trends in these changes, thereby revealing inherent risks and opportunities for the company.

In general, there are four types of ratios that can be used to assess a company's financial performance: liquidity ratios, solvency ratios, activity ratios, and profitability ratios. The writer uses only three financial ratios to analyze the company's performance: liquidity ratio, solvency ratio, and profitability ratio. The liquidity ratio represents the company's ability to meet its short-term obligations. Moreover, the liquidity ratio also measures the company's ability to fulfill obligations due, both external and internal (Dharma, Lubis, & Hasibuan, 2023). This ratio is used to determine how liquid a company is by comparing all components in current assets with components in current liabilities (short-term debts). The liquidity ratio used to measure a company's financial performance is the current ratio.

The current ratio measures a company's ability to pay off short-term liabilities with its current assets. The higher the comparison between current assets and current liabilities, the greater the company's ability to settle its short-term debts (Hasanudin, Awaloedin, & Yulianti, 2020). If the current ratio is 1:1 or 100%, it indicates that current assets can cover all current liabilities. Thus, it is considered good if the current ratio exceeds 1 or 100%, meaning that current assets should be greater than current liabilities for the company to be deemed in a good financial position. The solvency ratio is used to assess the extent to which a company's assets are financed by debt, which reflects the proportion of debt used to finance business activities compared to the company's own equity. The solvency ratio can describe the company's condition and position to external parties (Dharma, Lubis, & Hasibuan, 2023). A company is considered in good standing if its equity exceeds its debt, indicating that the company has the

capacity to repay loans to creditors. However, if a company has a high solvency ratio, it also implies a higher risk of loss. The solvency ratio used is the debt to equity ratio.

The debt to equity ratio shows the relationship between the amount of long-term debt and the company's own capital, contributed by the company's owners. This ratio helps determine the proportion of funds provided by creditors versus the company's owners (Hasanudin, Awaloedin, & Yulianti, 2020). For a company, debt should not exceed its equity to avoid excessively high fixed costs. The smaller the portion of debt compared to equity, the better. The profitability ratio is used to assess a company's ability to generate profit. This ratio also provides a measure of how effective management is at running the company. Profitability ratios are financial measurements that show a company's ability to generate profits from revenues, assets, or equity. Analysts and investors use profitability ratios to evaluate a company's performance and efficiency over a specific period (Dharma, Lubis, & Hasibuan, 2023). In investment contexts, a company's profit growth is a key indicator in evaluating its future prospects. Two types of profitability ratios used to measure a company's financial performance are return on assets and return on equity.

The return on assets ratio is used to measure management's overall ability to generate profit. With return on assets, a company can assess its effectiveness in generating profit from its owned assets. Companies aim to increase return on assets, as a higher return on assets indicates greater effectiveness in generating profit after tax. The return on assets is calculated by comparing net income after tax to the company's total assets. The larger the return on assets, the more effective the company is in generating profit through its operations. The return on equity ratio shows how effectively the company manages its own capital (net worth), measuring the profitability of investments made by the company's shareholders. Return on equity reflects the profitability of the company's own capital, often referred to as business profitability. The return on equity is calculated by comparing net income after tax to the company's equity. The higher the return on equity, the more effective the company is in generating profit from its owned capital.

This research is based on a previous study by Matry Desi and Dicky Arisudhana titled "The Influence of Current Ratio, Debt to Equity Ratio, Return on Assets, and Working Capital Turnover on Profit Growth (An Empirical Study of Food and Beverage Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2014-2018 Period)." The difference with the previous research lies in replacing the independent variable Working Capital Turnover with the Return on Equity Ratio, as well as focusing on a different research object, which in this study involves Basic Industry and Chemical Manufacturing Companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The basic industry and chemical sector is part of the manufacturing industry, consisting of companies that produce and process raw materials into semi-finished or finished goods. This sector is interesting to study because it was one of the sectors affected by the COVID-19 pandemic, with many companies experiencing losses during that period. This study aims to analyze the influence of the Current Ratio, Debt to Equity Ratio, Return on Asset Ratio, and Return on Equity Ratio on profit growth during the COVID-19 pandemic in manufacturing companies within the basic and chemical industry sector listed on the Indonesia Stock Exchange from 2019 to 2022.

2. METHOD

This study employs a quantitative research method. Quantitative research involves using numerical data that is analyzed through statistical analysis. The objective of this research is to explain the variables being studied and to test the influence of independent variables on the dependent variable through hypothesis testing. The population in this study is derived from manufacturing companies in the basic industry and chemical sectors listed on the Indonesia Stock Exchange (IDX). The sampling method used is purposive sampling, which involves

selecting samples based on certain considerations aligned with the desired criteria to determine the number of samples to be studied.

This research utilizes secondary data, which is information from pre-existing sources such as important documents, websites, books, and so on. The data collection method applied in this study is documentation, carried out by collecting, recording, and analyzing secondary data in the form of financial reports from manufacturing companies in the basic industry and chemical sectors listed on the IDX from 2019 to 2022, sourced from the official IDX website (www.idx.co.id) and the official websites of each company selected as the sample. Data collection is also complemented by a literature review, which involves seeking relevant data to address the research problem by reading, recording, and studying various sources, such as journals, the internet, and other written materials related to the research variables, to strengthen the analysis.

In this study, there are two types of research variables: independent (free) and dependent (bound). The independent variables used are the Current Ratio, Debt to Equity Ratio, Return on Asset Ratio, and Return on Equity Ratio. The dependent variable is Profit Growth. This research examines the influence of the Current Ratio, Debt to Equity Ratio, Return on Asset Ratio, and Return on Equity Ratio on Profit Growth. Multiple linear regression analysis is applied in this study, and these variables are tested using the SPSS (Statistical Product and Service Solutions) program.

The tests to be conducted include the following: Descriptive Statistical Analysis, which provides an overview or description of the data from the minimum value, maximum value, average (mean), and standard deviation of the research variables. Classical Assumption Test, performed first to obtain a good linear regression model, aims to minimize bias in the regression model results. The classical assumption tests used in this study are Normality Test, Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test. The multiple linear regression analysis used includes: F-Test, Hypothesis Testing, and Determination Coefficient Test (R^2).

3. RESULT AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistical Test Results

Description	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	128	0.170	208.445	4.33727	18.405036
Debt To Equity Ratio	128	0.034	6.057	0.79799	0.802025
Return On Asset Ratio	128	0.000	1.242	0.09322	0.191999
Return On Equity Ratio	128	0.001	0.527	0.09352	0.081872
Profit Growth	128	-1.603	2.280	0.09294	0.629485
Valid N (listwise)	128				

Source: Data Analysis Results, 2024

Current Ratio

Based on the descriptive statistical test results shown in Table 1, the current ratio variable is measured using the formula current assets divided by current liabilities. The analysis results show an N value (number of data points) of 128 samples, with a minimum value obtained from Tunas Alfin Tbk (code TALF) in 2020 of 0.170, and a maximum value from Duta Pertiwi Nusantara Tbk (code DPNS) in 2020 of 208.445. The mean value of the current ratio variable is 4.33727, with a standard deviation of 18.405036. The mean being smaller than the standard deviation indicates a large data dispersion, suggesting that the results are less reliable.

Debt to Equity Ratio

The descriptive statistical test results for the debt to equity ratio variable, which is measured using the formula total debt divided by total equity, show an N value of 128 samples. The minimum value is 0.034 from Sinergi Inti Plastindo Tbk (code ESIP) in 2022, and the maximum value is 6.057 from Singaraja Putra Tbk (code SINI) in 2019. The mean value of the debt to equity ratio is 0.79799, with a standard deviation of 0.802025. The mean being smaller than the standard deviation indicates a large data dispersion, leading to less reliable results.

Return on Asset Ratio

The descriptive statistical test results for the return on asset ratio variable, measured using the formula net profit after tax divided by total assets, show an N value of 128 samples. The minimum value is 0.000 from Cahayaputra Asa Keramik Tbk (code CAKK) in 2020, and the maximum value is 1.242 from Indonesia Fireboard Industry Tbk (code IFII) in 2020. The mean value of the return on asset ratio is 0.09322, with a standard deviation of 0.191999. The mean being smaller than the standard deviation indicates a large data dispersion, suggesting unreliable results.

Return on Equity Ratio

The descriptive statistical test results for the return on equity ratio variable, measured using the formula net profit after tax divided by total equity, show an N value of 128 samples. The minimum value is 0.001 from Cahayaputra Asa Keramik Tbk (code CAKK) in 2020, and the maximum value is 0.527 from Mark Dynamics Indonesia Tbk (code MARK) in 2021. The mean value of the return on equity ratio is 0.09352, with a standard deviation of 0.081872. The mean being greater than the standard deviation indicates a small data dispersion, suggesting that the results are reliable.

Profit Growth

The descriptive statistical test results for the profit growth variable, measured using the formula current year's profit minus the previous year's profit divided by the previous year's profit, show an N value of 128 samples. The minimum value is -1.603 from Solusi Bangun Indonesia Tbk (code SMCB) in 2019, and the maximum value is 2.280 from Beton Jaya Manunggal Tbk (code BTON) in 2020. The mean value of profit growth is 0.09294, with a standard deviation of 0.629485. The mean being smaller than the standard deviation indicates a large data dispersion, leading to less reliable results.

Normality Test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N	128
Normal Parametersa,b	
Mean	0.0000000
Std. Deviation	0.57840525
Most Extreme Differences	
Absolute	0.111
Positive	0.111
Negative	-0.085
Test Statistic	0.111
Asymp. Sig. (2-tailed)	0.001c

Source: Data Analysis Results, 2024

Based on the normality test results using the one-sample Kolmogorov-Smirnov test shown in Table 2, the Asymp. Sig. (2-tailed) value is 0.001, meaning that the data is not normally distributed since the significance value is less than 0.05, thus requiring data removal or outlier treatment.

The normality test was repeated using the Monte Carlo method to determine whether the residual data from the research sample, which contains extreme data, is normally distributed. Below are the results of the retest for normality.

Table 3. Normality Test Results (Monte Carlo)

One-Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N	128
Normal Parametersa,b	
Mean	0.0000000
Std. Deviation	0.57840525
Most Extreme Differences	
Absolute	0.111
Positive	0.111
Negative	-0.085
Test Statistic	0.111
Asymp. Sig. (2-tailed)	0.001c
Monte Carlo Sig. (2-tailed)	Sig.
	0.080d
99% Confidence Interval	
Lower Bound	0.073
Upper Bound	0.087

Source: Data Analysis Results, 2024

Based on the normality test results using the one-sample Kolmogorov-Smirnov test with outlier-adjusted data and the Monte Carlo method, as shown in Table 3, the Monte Carlo Sig. (2-tailed) value is 0.080. It can be concluded that the residual data in the regression model is normally distributed, as the significance value is greater than 0.05.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
CR	0.969	1,032
DER	0.960	1,041
ROA	0.920	1,086
ROE	0.929	1,076

Source: Data Analysis Results, 2024

Based on Table 4, all independent variables in the study have tolerance values greater than 0.10, and all VIF values are below 10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in the regression model of this study.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results (Rank-Spearman Test)

Variable	Spearman's rho Correlation Coefficient	Sig. (2-tailed)	N
Current Ratio	0.015	0.870	128

Debt To Equity Ratio	0.003	0.977	128
Return On Asset Ratio	0.136	0.127	128
Return On Equity Ratio	0.149	0.093	128
Unstandardized Residual	1.000	-	128

Source: Data Analysis Results, 2024

Based on the heteroscedasticity test results using the Rank-Spearman test, as shown in Table 5, the significance values for each independent variable are greater than 0.05. Therefore, it can be concluded that there is no heteroscedasticity in the regression model.

Autocorrelation Test

Table 6. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.395	0.156	0.128	0.587735	1.653

Source: Data Analysis Results, 2024

Based on the autocorrelation test results using the Durbin-Watson test, as shown in Table 6, the Durbin-Watson value is 1.653, which falls between -2 and 2. Therefore, it can be concluded that there is no autocorrelation in the regression model.

Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.011	0.101		-0.112	,911
CR	-0.002	0.003	-0.053	-0.634	,528
DER	-0.152	0.066	-0.194	-2.296	,023
ROA	-0.123	0.283	-0.037	-0.433	,666
ROE	2.623	0.661	0.341	3.969	,000

Source: Data Analysis Results, 2024

Based on the results of the multiple linear regression analysis calculated using SPSS 25, as shown in Table 7, the regression equation can be formulated as follows:

$$PL = -0.011 - 0.002CR - 0.152DER - 0.123ROA + 2.623ROE + \varepsilon$$

The interpretation of this regression equation is as follows: The constant value is -0.011, which means that if the current ratio (CR), debt to equity ratio (DER), return on asset ratio (ROA), and return on equity ratio (ROE) are all zero, the profit growth would be -0.011. The regression coefficient for the current ratio (CR) is -0.002, indicating that an increase of one unit in CR will result in a decrease in profit growth by 0.002 units. The regression coefficient for the debt to equity ratio (DER) is -0.152, meaning that an increase of one unit in DER will decrease profit growth by 0.152 units. The regression coefficient for the return on asset ratio (ROA) is -0.123, indicating that an increase of one unit in ROA will lead to a decrease in profit growth by 0.123 units. The regression coefficient for the return on equity ratio (ROE) is 2.623, which means that an increase of one unit in ROE will lead to an increase in profit growth by 2.623 units.

F Test

Table 8. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.836	4	1.959	5.671	0.000
Residual	42.488	123	0.345		
Total	50.324	127			

Source: Data Analysis Results, 2024

Based on the F test results shown in Table 8, the significance value is 0.000. This significance value is less than 0.05, allowing us to conclude that the regression model used in this study is a good fit and suitable for use.

T Test

Table 9. T Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.011	0.101		-0.112	,911
CR	-0.002	0.003	-0.053	-0.634	,528
DER	-0.152	0.066	-0.194	-2.296	,023
ROA	-0.123	0.283	-0.037	-0.433	,666
ROE	2.623	0.661	0.341	3.969	,000

Source: Data Analysis Results, 2024

Based on the T test results shown in Table 9, the significance values for each variable can be interpreted as follows: The current ratio (CR) has a significance value of 0.528, which is greater than 0.05. Therefore, H1 is rejected, indicating that the current ratio does not influence profit growth. The debt to equity ratio (DER) has a significance value of 0.023, which is less than 0.05. Thus, H2 is accepted, concluding that the debt to equity ratio affects profit growth. The return on asset ratio (ROA) has a significance value of 0.666, which is greater than 0.05. Hence, H3 is rejected, indicating that the return on asset ratio does not influence profit growth. The return on equity ratio (ROE) has a significance value of 0.000, which is less than 0.05. Therefore, H4 is accepted, indicating that the return on equity ratio affects profit growth.

Coefficient of Determination (R^2) Test

Table 10. Coefficient of Determination (R^2) Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.395	0.156	0.128	0.587735	1.653

Source: Data Analysis Results, 2024

Based on the results of the coefficient of determination test shown in Table 10, the Adjusted R Square value is 0.128 or 12.8%. This indicates that the independent variables, which include the current ratio, debt to equity ratio, return on asset ratio, and return on equity ratio, can explain 12.8% of the dependent variable, which is profit growth, while the remaining 87.2% is explained by other variables outside this study.

The Influence of Current Ratio on Profit Growth

Based on the test results, it is known that the current ratio does not influence profit growth. The current ratio has a significance value of 0.528, which is greater than 0.05;

therefore, H1 is rejected. Research conducted during the COVID-19 pandemic indicated that the current ratio does not affect profit growth. These findings do not support positive accounting theory, which states that efficient management policies in managing a company's assets and liabilities can positively impact profit growth. During the COVID-19 pandemic, many management policies did not function effectively due to various unforeseen factors. For instance, asset management during the pandemic was hindered by regulations restricting the management of company assets. Additionally, in terms of short-term obligation payments, companies struggled to settle their short-term liabilities due to decreased revenue during the pandemic. This result is supported by a study conducted by Rio Jurniansyah (2021), which also found that the current ratio does not influence profit growth.

These findings contrast with research conducted in the period prior to the COVID-19 pandemic. A study by Hermanto (2020) before the pandemic found that the current ratio does influence profit growth. Prior to the pandemic, many companies were able to manage their assets effectively, leading to good revenue, which in turn allowed them to settle their short-term liabilities efficiently. Thus, a difference exists between research conducted during the COVID-19 pandemic and that conducted before the pandemic.

The Influence of Debt to Equity Ratio on Profit Growth

Based on the test results, it is known that the debt to equity ratio does influence profit growth. The debt to equity ratio has a significance value of 0.023, which is less than 0.05; therefore, H2 is accepted. Research conducted during the COVID-19 pandemic indicates that the debt to equity ratio influences profit growth. This finding supports positive accounting theory, which asserts that a company's financial policies, including the use of debt, can affect profit growth. During the pandemic, companies' financial policies functioned effectively, as evidenced by the appropriate use of the debt to equity ratio, which aligned with corporate goals and helped enhance profit growth by utilizing the lower capital costs associated with debt. This finding is supported by a study conducted by Indriani Suleman (2023), which states that the debt to equity ratio influences profit growth.

These findings differ from research conducted prior to the COVID-19 pandemic. A study by Indrasti (2020) before the pandemic found that the debt to equity ratio does not influence profit growth. Before the pandemic, the level of debt to equity ratio did not directly impact profit growth, as the company's long-term liabilities were not due in the current year. An increase in the company’s debt used for capital or operational activities would not enhance profit growth, meaning that the debt to equity ratio would not affect profit growth.

The Influence of Return on Asset Ratio on Profit Growth

Based on the test results, it is known that the return on asset ratio does not influence profit growth. The return on asset ratio has a significance value of 0.666, which is greater than 0.05; therefore, H3 is rejected. Research conducted during the COVID-19 pandemic indicates that the return on asset ratio does not affect profit growth. This finding does not support positive accounting theory, which ensures that return on asset measurements are conducted objectively and are not influenced by specific subjective interests, allowing for a more accurate evaluation of profit growth. During the pandemic, asset management was poor, preventing companies from effectively measuring return on assets. Consequently, evaluations of profit growth became inaccurate due to sudden and drastic declines in sales during the pandemic, resulting in significant drops in profits. This finding is supported by a study conducted by Pratiwi (2022), which states that the return on asset ratio does not influence profit growth.

These findings differ from research conducted prior to the COVID-19 pandemic. A study by Matry Desi (2020) before the pandemic found that the return on asset ratio does influence profit growth. Before the pandemic, many companies experienced high profit growth, which in turn led to a high return on asset ratio. When the return on asset ratio is high, companies are

considered effective in managing their assets to generate profits. Thus, the return on asset ratio can influence a company's profit growth prior to the COVID-19 pandemic.

The Influence of Return on Equity Ratio on Profit Growth

Based on the test results, it is known that the return on equity (ROE) ratio does influence profit growth. The ROE ratio has a significance value of 0.000, which is less than 0.05; therefore, H4 is accepted. Research conducted during the COVID-19 pandemic indicates that the ROE ratio affects profit growth. These findings support agency theory, which states that effective management strategies in managing capital, risk, and maximizing long-term profits can lead to optimal profit growth for shareholders. During the pandemic, many companies successfully implemented their management strategies, allowing them to continue generating profits despite the challenging circumstances. The sustained profit growth during this period indicates that the return on equity achieved by these companies was favorable. This finding is supported by research conducted by Debbie Christine (2022), which states that return on equity influences profit growth.

These results differ from research conducted in the period prior to the COVID-19 pandemic. A study by Pratiwi (2022) conducted before the pandemic found that return on equity does not influence profit growth. In contrast to the pandemic period, many companies before the pandemic struggled to execute their strategies effectively. This led to suboptimal management of their capital, which, in turn, negatively impacted profit growth. Consequently, the profits generated by these companies did not grow, as their earnings were not maximized.

4. CONCLUSION

The analysis results indicate that the Current Ratio has a significance value of 0.528, which is greater than 0.05, suggesting that this variable does not influence profit growth. This finding contrasts with previous research by Hermanto (2020), which identified an effect. Next, the Debt to Equity Ratio shows a significance value of 0.023, less than 0.05, indicating that this variable does impact profit growth; this is contrary to the findings of Indrasti (2020), who stated otherwise. The Return on Asset Ratio also reveals a significance value of 0.666, greater than 0.05, thus indicating no influence on profit growth, which contradicts the research results of Matry Desi (2020), who found a significant effect. Finally, the Return on Equity Ratio has a significance value of 0.000, demonstrating an influence on profit growth, differing from Pratiwi (2022), who did not find such an effect.

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