THE INFLUENCE OF FINANCIAL RATIOS AGAINST GROWTH OF PROFITS AT MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Ning Tiyas[1], Kartika Hendra Titisari[2], Siti Nurlaela[3]
[123]Program Studi Akuntansi S1, Fakultas Ekonomi, Universitas Islam Batik Surakarta
Jl. KH. Agus Salim No. 10, Surakarta 57147, Jawa Tengah, Indonesia
*E-mail : Ningtiyas115@yahoo.com

ABSTRACT

This research aims to know the influence of current ratio, debt to equity, return on assets, return on equity, and net profit margin against profit growth at the company's manufacturing Indonesia stock exchange. The data used are secondary data from the Indonesia capital market financial report directory (ICMD). The population of this research all the manufacturing companies listed on the Indonesia stock exchange. The samples used in the study was 63 manufacturing companies listed on the Indonesia stock exchange. Method of determination of the sample used by using purposive sampling. Results descriptive statistics show that current ratio value is quite high compared to other variables, this indicates that the high short-term payment companies rather than increase its own capital to guarantee debt . Based on the correlation analysis shows the variable current ratio, debt to equity ratio, return on assets, and net profit margin is correlated with positive and significant profit growth supported by empirical evidence, while the return on equity is correlated negative and significant profit growth supported by empirical evidence.

Keywords: Liquidity; Solvency; Profitability; the profit growth

1. INTRODUCTION

Profit growth was the increase in profit from the results of an undertaking or business. Companies that have good profit growth is companies that are able to manage and control the performance of the company as well.

Financial ratio is a great tool to compare the financial statements with the financial post that can be used to provide information to the company to evaluate financial performance. Financial ratios can be measured by using the ratio of liquidity, solvency and profitability. This ratio describes the ability of the company meet the obligations (debt) short-term and the extent to which assets the company in finance with debt as well as assess the ability of the company in search of profits.

According to Kasmir (2010) current ratio is a ratio to measure the company's ability to pay short-term obligations. Heikal research (2014) stated that the current ratio effect significantly to profit growth. While research Andriyani (2015) stated that the current ratio does not effect significantly to profit growth. Based on the description above, the first hypothesis (H1) is the current ratio effect on profit growth. Debt to equity ratio, is the ratio that is used to assess the debt with equity. The research of Narpatilova (2013) stated that the debt to equity ratio effect significantly to earnings growth, while in research Gunawan (2013) stated that the debt to equity ratio not significantly effect against profit growth. Based on the description above, the second hypothesis (H2) is the debt to equity ratio effect on profit growth. Return on assets is a profitability ratio can gauge the ability of the company in generating profit from assets that are used. Research Bionda (2017) claims return on assets effect significantly to earnings growth, while in the study Umobong (2015) return on assets do not affect significantly to earnings growth. Based on the description above, the third hypothesis (H3) is the return on assets to profit growth.

Return on Equity (ROE), is a ratio used to measure net income after tax with private equity capital use efficiency showed himself. Research Heikal (2014) stated that the return on equity ratio effect significantly to earnings growth, while in the research of Khaldun (2014) stated that the return on equity ratio does not affect growth in profit. Based on the description above, the fourth hypothesis (H4) is return on equity to profit growth. Net profit margin, according to Arwana (2011) is the ability of the company in generating income to the total sales of the white garment is a white garment. Anthony (2016) stated that the net profit margin effect significantly to earnings growth. While in research Rodiyah (2016) stated that net profit margins have no effect against the significant profit growth. Based on the description above, the fifth hypothesis (H5) is the net profit margin to profit growth.

This research aims to know the influence of partially whether the CR, DER, ROA, ROE, and the NPM against profit growth. This research is expected to deliver benefits as a source of information and consideration for potential investors and creditors to predict profits.

2. METHODOLOGY

This type of research is quantitative research. the dependent variables in the study of profit growth. The independent variable in this study include the current ratio, debt to equity ratio, return on assets, return on equity and net profit margin. Data source this study uses secondary data in the form of financial statements are taken from the Indonesia stock exchange (idx) manufacturing company via the official website www.idx.co.id.

That is the population in this research is the manufacturing company 145 registered in Indonesia stock exchange. Sampling techniques using a purposive sampling method that is a technique used in the determination of the samples selected according to criteria that are being sampled is 1) company that is examined is the manufacturing company listed on the stock exchange The effect of Indonesia 2011-2015 period. 2) manufacturing companies who have been audited and publish financial reports successive consecutive period of 2011-2015. 3) manufacturing company that examined should have positive earnings during the period of 2011-2015. Based on the samples that match the criteria indicate the total sample as many as 63 manufacturing companies.

In research using the method of analysis that is 1) descriptive statistics analysis method 2) Classic Assumption Test Normality Test IE using the Kolmogorov-Smirnov test, by looking at the value of significance, if sig > 0.05 data can be inferred then Gaussian.

Test for Autocorrelation in the study test of autocorrelation using the Durbin-Watson, by seeing if the value table DU < 4-DW < DU then it can be inferred that this problem occurred not in the regression model of autocorrelation.

Test for Multicollinearity by looking at the value of the VIF (Variance Inflation Factor) and Tolerance ", if the value of the VIF is less than 10 and the value of Tolerance more than 0.01, then it can be inferred not occur multikolinieritas symptoms in the regression model.

Test study of using Heteroskedastistas test glejser by way of looking at the magnitude of the value of their significance, if the value of their significance > 0.05 then no problem occurs heteroskedastisitas in regression models. 3) linear multiple regression analysis is expressed in the equation:

$Y = a + b1x1 + b2x2 + b3x3 + b4x4 + b5x5 + e$

Y = profit growth

a = Constant

B1, b2, b3, b4, b5 = Parameter of the regression coefficients

X^1 = free variable

X^2 = free variable

X^3 = free variable

X^4 = free variable

X^5 = free variable

e = Error

Feasibility test model (F Test) and see the significance, if there is then the significance < 0.05 the are influence between independent variables the dependent variables against.

Hypothesis test (test t) and see the significance, if the value of significance < 0.05 the are influences partially between the dependent variables independent of the variable.

3. RESULTS and DISCUSSION

Based on the method of purposive sampling, samples obtained as many as 63 manufacturing companies, so the data retrieved as many as 315 observation data.

3.1. Test results the descriptive Statistics

The descriptive statistics analysis serves to depiction of statistics data on every research variables.

Table 1. Test Results of Descriptive Statistics

Variable	N	Max	Min	Mean	Std. Deviasi
CR	315	40.31	5773.28	255.8829	379.39662
DER	315	-2.76	10.58	.9963	1.08593
ROA	315	0.05	71.51	10.4924	10.63900
ROE	315	-86.57	184.10	18.1679	23.79372
NPM	315	0.12	35.50	8.3837	7.21893
Profit Growth	315	-30.230	677.674	8.87811	67.042007

Based on table 1 above indicates that the variable current ratio minimum value amounted to 40.31, a maximum of 5773.28, with the average (mean) of 255.8829 and the rate of std. deviation of 379.39662. Variable debt to equity ratio of minimum-maximum of 10.58, 276, with an average value (a mean) of 0.9963 and level std. deviation of 1.08593. Variable Return on asset value a minimum of 0.05, a maximum of 71.51, with an average value (a mean) of 10.4924 and the rate of std. deviation of 10.63900. Variable return on equity amounted to 86.57-minimum, maximum of 184.10, with an average value (a mean) of 18.1679 and the rate of std. deviation of 23.79372. The variable net profit margin the minimum value of 0.12, maximum of 35.50, with an average value (a mean) of 8.3837 and the rate of std. deviation of 7.21893. Variable profit growth the minimum value of-30,230, maximum of 677,674, with the value of the average (mean) of 8.87811 and the rate of std. deviation of 67.042007.

3.2. A classic Assumption test results

Test For Normality

Test of normality in this study using the method of Kolmogorov-Smirnov One Sample, with the following results:

Table 2 The results of test for Normality

	Asym Sig (2 tailed)	Std	Description
Unstandardized residual	0,688	>0,05	Normal Distributed

Based on the results of a test of normality in the table 2 above shows that the residual unstandardized Variables have the value of sig 0688 > 0.050, then it can be in conclution that data is distributed normally.

Autocorrelation Test

The research on the autocorrelation test is performed using a test method Durbin-Watson, with the following results:

Table 3 results of Test Autocorrelation

D- W	DL	DU	4- DU	Criteria	Description
1.855	5.63	1.767	2.233	1.767 < 1.855< 2.233	Autocorrelation is not happening

From table 3 results of calculation of the Durbin Watson 1,767 < 1,855 < 2,233, then it can be inferred that the data in this study did not happen autocorrelation.

Test Multikolinieritas

Multikolinieritas results can be seen in the following table:

Table 4 results of Test Multikolinieritas

Variable	Tolerance	Std	VIF	Std	Description
CR	0.937	>0,01	1.067	<10	No Multicollinearity
DER	0.718	>0,01	1.394	<10	No Multicollinearity
ROA	0.183	>0,01	5.462	<10	No Multicollinearity
ROE	0.299	>0,01	3.341	<10	No Multicollinearity
NPM	0.327	>0,01	3.060	<10	No Multicollinearity

Based on the test multikolinieritas in table 4 above indicates that all variables have a result value of Tolerance and the value of > 0.01 and VIF < 10, then in this study can be concluded no occurrence of multikolinieritas.

Test Heteroskedastisitas

Heteroskedastisitas test using the test method result glejser as follows:

Table 5 results of Test Hetroskedatisitas

Variable	Sig	Std	Description
CR	0.878	> 0,05	No heteroskedatisitas
DER	0 .588	> 0,05	No heteroskedatisitas
ROA	0.284	> 0,05	No heteroskedatisitas
ROE	0.439	> 0,05	No heteroskedatisitas
NPM	0.194	> 0,05	No heteroskedatisitas

Based on the above table 5 shows the value of significance > 0.05. Then it can be inferred that all the variables are not going heteroskedastisitas problem on the model regression.

Multiple Linear Regression Test Results

Multiple regression analyst test results in this research are as follows:

Table 6 the results of Multiple Linear regression analysis

	Coefficient	T_{hitung}	Sig.
Constants	-.086	-3.109	.002
CR	.000	5.945	.000
DER	.152	11.266	.000
ROA	.012	4.382	.000
ROE	-.002	-2.375	.018
NPM	.017	5.669	.000

Based on the test results in table 6 above, then the regression equation is obtained as follows:

PL = -0.086 + 0000 CR + DER + 0.012 0152 ROA - 0.002 ROE + 0.017 NPM. The regression equation above then it can be in the interpretation right the results are as follows:

1) Constants obtained a negative value of -0086 stated that all variables of value 1, then it will be of profit growth down by -0086.

2) coefficient of current ratio (CR) positive value of 0000, this showed that if any increase in current ratio of 1 per cent, assuming the other variables fixed then it will follow the growth of profit of 0000 (0.0%).
3) coefficient of debt to equity ratio (DER) is positive of 0152, this shows when each increase in debt to equity ratio of 1 per cent, assuming the other variables fixed, it will be followed by a growth in profit of 0152 (15.2%).
4) coefficient of return on assets (ROA) is positive of 0.012, this shows when each increase in return on assets amounted to 1 per cent, assuming the other variables fixed, it will be followed by a growth in profit of 0.012 (1.2%).
5) coefficient of return on equity (ROE) is negative amounting to 0.002-this indicates if any increase in return on equity 1 per cent, assuming the other variables fixed, it will be followed by a decline in profit of-0002 (0.2%).
6) coefficient of net profit margin (NPM) is positive of 0.017, this shows when each increase in net profit margin 1 per cent, assuming the other variables fixed, it will be followed by a profit growth of 0.017 (1.7%).

A model feasibility test results (test F)

F test results are as follows:

Table 7 A Model Feasibility Test Result (test F)

Model	F_{hitung}	F_{tabel}	Sig	Std	Description
1	67.337	2.532	0.000	< 0.05	Decent Models

Based on the F-test in table 7 above, obtained a value of F_{tabel} amounted to 2,531, with a 5% significance level (0.05). Then it can be inferred that the model viable.

Hypothesis test (test t)

Table 8 Hypothesis Test Results (test t)

Variable	T_{hitung}	T_{tabel}	Sig	Std	Description
CR	5.945	2.002	0.002	< 0.05	Ha accepted
DER	11.266	2.002	0.000	< 0.05	Ha accepted
ROA	4.382	2.002	0.000	< 0.05	Ha accepted
ROE	-2.375	2.002	0.018	<0.05	Ha accepted
NPM	5.669	2.002	0.000	< 0.05	Ha accepted

The first hypothesis (H1): the influence of Current ratio against the profit growth.

Based on table 8 above Current testing results have significant value ratio amounted to 0.002 < 0.05 and t_{hitung} 5,945 > t_{tabel} 2002, then Ha Ho accepted and rejected, so it can be concluded that the Current ratio of positive effect significantly to profit growth. This indicates if the current ratio the higher, then the lower the profit obtained and the greater the company's ability to pay short-term obligations. The results of this study are in line with research Mahaputra (2012) and Heikal (2014), and not in line with the research Gunawan (2013) and Khaldun (2014).

The second hypothesis (H2): influences of the debt to equity ratio towards profit growth.

Based on table 9 above the test results debt to equity ratio has a significant value of 0000 < 0.05 and t_{hitung} 11,266 > t_{tabel} 2,002. then Ha Ho accepted and rejected, so it can be concluded that the debt to equity ratio of significant positive effect against the growth of profits. This indicates if the debt to equity ratio the higher ratio will be increased load against the creditor, where this ratio indicates the composition of the total debt in the short-term and long-term. This if the ratio is high then it can reduce the amount of profit earned in the magnitude of the burden of debt borne by the company. The results of this study are in line with research Mahaputra (2012) and Anthony (2016), and not in line with the research Justina (2015) and Gunawan (2013).

The third hypothesis (H3): return on assets against the influence of profit growth.

Based on table 9 above the test results Return on assets have significant value of 0000 < 0.05 and t_{hitung} 4,382 > t_{tabel} 2,002. Then Ha accepted and Ho is rejected, so it can be concluded that the return on assets of influential positive significantly to profit growth. This indicates if return on assets the higher the net profit value, then the performance of the company will be getting better benefits in terms of assets. The results of this study are in line with research Heikal (2014) and Bionda (2017), and not in line with the research Umobong (2015) and Khaldun (2014).

The fourth hypothesis (H4): the influence of return on equity against the profit growth.

Based on table 9 above the test results Return on equity has a significant value of 0.018 < 0.05 and t_{hitung} 2.375 > t_{tabel} of 2,002. then Ha accepted and Ho is rejected, so it can be concluded that the return on equity significantly negative effect against the growth of profits. This indicates if the return on equity is high then the position of the owners of capital will be more powerful, where if the high ratio then gained an increasingly high net profit gained from its own capital. The results of this study are in line with research Heikal (2014) and Umobong (2015) and not in line with the research of Khaldun (2014) and Safitri (2016).

The fifth hypothesis (H5): the influence of the net profit margin against profit growth.

Based on table 9 above the test results net profit margin has a significant value of 0000 < 0.05 and t_{hitung} 5,669 > t_{tabel} of 2,002. then Ha accepted and Ho is rejected, so it can be concluded that the net profit margin positive effect significantly to earnings growth. This indicates if the net profit margin is higher, then the company's profit was also higher, which the company will more efficiently use its operational costs in order to get the maximum profit. The results of this study are in line with research Anthony (2016) and Heikal (2014), and not in line with the research of Safitri (2016) and Rodiyah (2016).

Test Results The Coefficient Of Determination (R2)

Table 9 Test Results the Coefficient of Determination (R^2)

Model	Adjusted R square	Description
1	0. 514	51.4 %

Based on table 9 above test results the coefficient of determination (R^2) showed that the Adjusted R square value obtained of 0514, this result indicates the independent variable in this study of 51.4%, while the rest amounted to 48.6% that are affected by other variables outside of this research.

4. CONCLUSIONS and SUGGESTIONS

This research aims to know the influence of current ratio, debt to equity ratio, return on assets, return on equity and net profit margin against profit growth. Type of research it is quantitative. a sample method that uses a method of purposive sampling. With the number of samples that meet the criteria as much as 63 manufacturing companies. So the total as many as 315 observation data. Methods of analysis used in this study is a descriptive statistic test, test and test the assumptions of classical hypothesis. Based on the results of the testing indicate that the variable current ratio, debt to equity ratio, return on assets, and net profit margin a positive effect against profit growth, while the return on equity effect negatively to profit growth.

Suggestions for further research in order to use more use of a variety of variable ratio to add research and use the period of observation.

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