

The Impact of Liquidity, Solvency, and Efficiency on Profit Growth in Indonesian Automotive Companies (2017–2021)

Grace, Nanik Sisharini*, Lily Kustiani, Moh Burhan, Boge Triatmanto

Faculty of Economics and Business, Merdeka University, Malang

*Corresponden author: nanik.sisharini@unmer.ac.id

Abstract

This study aims to determine and analyze the influence Current Ratio, Debt to Equity Ratio and Total Assets Turnover on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This study used a population of 14 automotive companies listed on the Indonesia Stock Exchange. The sampling technique used purposive sampling technique and obtained a sample of 10 automotive companies that had met the sample criteria. The data analysis techniques used were descriptive statistics, classical assumptions (normality test, multicollinearity test, autocorrelation test and heteroscedasticity test), multiple linear regression analysis, hypothesis test and coefficient of determination. Simultaneous results show that Current Ratio, Debt to Equity Ratio and Total Assets Turnover has a significant effect on profit growth. The results of the partial test show that Current Ratio has a negative and insignificant effect on profit growth. Debt to Equity Ratio has a significant negative effect on profit growth. Total Assets Turnover has a positive and insignificant effect on profit growth.

Keywords: Current Ratio, Debt to Equity Ratio, Profit Growth, Total Assets Turnover

<https://doi.org/10.26905/jp.v21i2.15699>

©2024 Jurnal Penelitian

This is an open access article distributed under the CC BY-SA 4.0 license

(<https://creativecommons.org/licenses/by-sa/4.0/>)

1. INTRODUCTION

In an increasingly competitive business world, companies are faced with a major challenge to continue to innovate and improve performance in order to survive and thrive. This is very evident in the automotive sector, which over time, has introduced many new players with increasingly high quality products and services. In such market conditions, automotive companies are required to excel not only in terms of products, but also in managing their resources and operations. The achievement of optimal company goals is highly dependent on the extent to which the company is able to manage financial reports and interpret the results effectively. Financial reports are one of the important elements that reflect the financial health of a company (Kirana & Diyani, 2023), well-prepared and transparent financial reports provide a clear picture of the company's condition to shareholders, investors, and other interested parties. As an indicator of the achievement of the company's financial goals, the income statement is one of the most important instruments for assessing the company's performance in generating profits. The profit obtained by the company is the result of the company's efforts in managing existing resources effectively and efficiently.

Profitability is the main parameter in assessing a company's financial performance and its operational sustainability (Luas et al., 2021; Suryaman et al., 2023). Profit growth is an important indicator that not only reflects operational efficiency but also reflects managerial success in optimally managing resources. In this context, analysis of the determinants of profit growth becomes very relevant, especially in strategic industrial sectors such as automotive in Indonesia, which face high market dynamics and intense global competition. The automotive industry is a sector that plays a significant role in supporting national economic growth. Based on the report of the Ministry of Industry, the contribution of the automotive industry to manufacturing GDP reached more than 10% in the 2019–2021 period, with a fluctuating trend due to changes in global demand, the pandemic, and supply chain disruption. In the midst of this situation, the financial performance of Indonesian automotive companies listed on the Indonesia Stock Exchange (IDX) is an interesting object to analyze, especially in terms of how financial ratios can affect their profit growth (IDX, 2022).

Current Ratio (CR), Debt to Equity Ratio (DER), and Total Assets Turnover (TATO) are three financial ratios that are often used theoretically and empirically to measure liquidity, leverage, and efficiency of company activities. (Septiyarina, 2022). Previous studies have shown mixed findings. showing that CR has a significant positive effect on profit growth, while (Faisal & Syafruddin, n.d.) found the opposite result. This difference in results indicates a lack of alignment in the literature, which opens up opportunities for further exploration. Theoretically, the Current Ratio reflects the company's ability to meet its short-term obligations. This ratio is considered as a liquidity indicator that can have implications for short-term profit stability. However, excessive liquidity can actually be a signal of inefficiency in asset utilization. (Andriani et al., 2023; Dika & Pasaribu, 2020; Fitrianiingsih & Budiansyah, 2019) Meanwhile, DER describes the company's capital structure and its financial risk. High leverage can provide a boost to business expansion, but it also increases interest expenses that depress profitability. (Hartini, n.d.; Rachmad & Muid, 2013; Rahman, 2024; Rara, 2021)

Total Assets Turnover as an indicator of the efficiency of the use of company assets in generating sales has a close relationship with operational productivity. (Fitri, 2024; I. Saputra, 2024; SIMANGUNSONG, 2023). This ratio is a major concern in the analysis of company activities, especially in manufacturing sectors such as automotive, where the efficiency of asset management is very important in determining the ability to generate profits (Iis, 2024). However, several studies such as (Faisal & Syafruddin, n.d.) shows the inconsistency of TATO's influence on profit growth, depending on the industry context and research period. Based on this background, this study aims to explore and analyze the influence of Current Ratio, Debt to Equity Ratio, and Total Assets Turnover on profit growth in automotive companies listed on the IDX during the period 2017–2021. The focus on this period provides a comprehensive evaluation coverage, including post-economic crisis dynamics due to the global pandemic that can affect the company's financial structure. In addition, a quantitative approach with secondary data from the company's financial statements provides high data validity.

This study has theoretical and practical contributions. Theoretically, this study broadens the understanding of profitability determinants in the context of the automotive industry in developing countries. Practically, the results of the study can provide strategic implications for financial managers, investors, and regulators in developing more accurate financial management strategies based on measurable financial ratio indicators. Thus, this study bridges the gap between previous findings and the actual conditions of the Indonesian automotive industry. Considering the inconsistent results of previous studies, as well as the importance of profit growth as a parameter of business success, this study attempts to provide academic and practical contributions through a systematic approach. It is expected that the results of this study can enrich academic literature and become a basis for more appropriate managerial decision-making in the future, especially in managing financial ratios to encourage sustainable profit growth.

2. HYPOTHESIS DEVELOPMENT

The Influence of Current Ratio, Debt to Equity Ratio, Total Assets Turnover on Profit Growth.

Profit growth as the main indicator of company performance can be influenced by various internal factors, one of which is the financial ratio which reflects efficiency, funding structure and liquidity. (Damayanti, 2024; Nurmalia, 2021; Sari, 2023) Current Ratio (CR) describes the company's ability to meet short-term obligations using its current assets. (Fitrianingsih & Budiansyah, 2019; Hidayat & Samryn, 2024; Septiyarina, 2022; Simamora & Said, 2024; Syarafina et al., 2024). This ratio is closely related to short-term operational stability and liquidity resilience. Debt to Equity Ratio (DER) shows the proportion of company funding that comes from debt compared to equity, which can reflect the financial risk borne by the company. (Fitrianingsih & Budiansyah, 2019; Hidayat & Samryn, 2024; Septiyarina, 2022; Simamora & Said, 2024; Syarafina et al., 2024). Meanwhile, Total Assets Turnover (TATO) measures the company's efficiency in utilizing its assets to generate revenue. (Fitrianingsih & Budiansyah, 2019; Hidayat & Samryn, 2024; Septiyarina, 2022; Simamora & Said, 2024; Syarafina et al., 2024). These three ratios are theoretically relevant to profit because they are directly related to cost structure, operational effectiveness, and business risk. Research conducted by (Suyono et al., 2019) show results Current Ratio, Debt to Equity Ratio, Total Assets Turnover simultaneously have a significant effect on profit growth. Therefore, a hypothesis arises.

H1: Current Ratio, Debt to Equity Ratio, Total Assets Turnover has a significant impact on profit growth in automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period

Influence Current Ratio on Profit Growth

Current Ratio (CR) is the main indicator in the analysis of company liquidity which reflects the entity's ability to meet its short-term obligations using current assets. (Fitrianingsih & Budiansyah, 2019; Hidayat & Samryn, 2024; Septiyarina, 2022; Simamora & Said, 2024; Syarafina et al., 2024). This ratio is very important in assessing the stability of daily operations and the financial resilience of a company to short-term pressures. (Kirana & Diyani, 2023; Nurhayati et al., 2025; Suyono et al., 2019). In the context of profit growth, adequate liquidity allows companies to run operations without obstacles, maintain smooth production and distribution, and prevent additional costs due to late payments. Therefore, theoretically, an optimal Current Ratio can contribute to achieving stable and increasing profits. However, a ratio that is too high can also indicate that the company is holding too many unproductive assets, which could be invested to increase profitability.

Empirically, the influence of Current Ratio on profit growth shows varying results. Research (Rachmad & Muid, 2013) found that Current Ratio has a significant positive effect on profit growth, which indicates that companies with good liquidity levels tend to generate higher profits. On the other hand, the study (Faisal & Syafruddin, n.d.) shows that Current Ratio has a negative and insignificant effect, which can be caused by inefficient current asset management. The difference in these results shows that the effect of CR on profit can depend on the industry context and a certain time period. While the results of this study according to the opinion (Firly et al., 2023) states the results that the variables Current ratio has a negative and insignificant effect on profit growth. Therefore, a hypothesis arises.

H2: Current Ratio has a negative and insignificant effect on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

Influence Debt to Equity Ratio on Profit Growth

Debt to Equity Ratio (DER) is a ratio that measures the extent to which a company uses debt compared to equity in its financing structure. (Afriyeni et al., 2023; Dika & Pasaribu, 2020; Fitrianingsih & Budiansyah, 2019). DER provides an overview of the level of leverage or financial burden that must be borne by the company for the use of external funds. Theoretically, the use of debt can increase the company's profit through the leverage effect if the funds obtained can be invested in projects that generate higher returns than the cost of debt. However, on the other hand, a DER that is too high reflects

a large financial risk, because the company must bear a higher interest burden, which can ultimately reduce net profit. (Faisal & Syafruddin, n.d.) Thus, the relationship between DER and profit growth is complex and depends on management efficiency in managing debt and allocating funds.

The findings on the effect of DER on profit growth show mixed results. Research (Septiyarina, 2022) shows that DER has a significant positive effect on profit growth, which means that the company has succeeded in utilizing leverage effectively to increase profitability. On the other hand, the study (Faisal & Syafruddin, n.d.) actually shows a significant negative effect, indicating that an increase in DER risks reducing profits due to high interest expenses and payment obligations. This inconsistency indicates that the effect of DER is greatly influenced by the industrial context and financing strategy of each company. Meanwhile, the research results according to the opinion of (Sihombing, 2018) show results Debt to Equity Ratio has a negative and significant effect on profit growth. Therefore, a hypothesis arises

H3: Debt to Equity Ratio has a significant negative effect on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

Influence Total Assets Turnover on Profit Growth

Total Assets Turnover (TATO) is a financial ratio that measures the level of efficiency of a company in using all of its assets to generate sales. (Afriyeni et al., 2023; Kirana & Diyani, 2023; Nurhayati et al., 2025; Saputra, 2024; Suyono et al., 2019; Wijaya, 2024). The higher the TATO value, the more efficient the company is in utilizing its assets to support operational activities and increase revenue. In the context of profit growth, asset utilization efficiency plays a very important role because fast-turning assets contribute to increasing revenue and ultimately strengthen the company's net profit. This ratio also reflects the effectiveness of management in managing resources, which has a direct impact on the level of productivity and competitiveness of the company in the market.

Previous research results show variations in the influence of TATO on profit growth. (Syarafina et al., 2024) found that TATO has a significant positive effect on profit growth, which means that companies that are able to optimize the use of their assets tend to have better profit performance. However, other studies state that TATO only has a positive but insignificant effect on profit growth, which may be caused by external factors such as market conditions or cost structure imbalances. These differences in results indicate the need for further analysis in the context of specific industrial sectors.

H4: Total Assets Turn over has a positive and insignificant effect on profit growth in automotive companies listed on the Indonesia Stock Exchange for the period 2017-2021

3. CONCEPTUAL FRAMEWORK

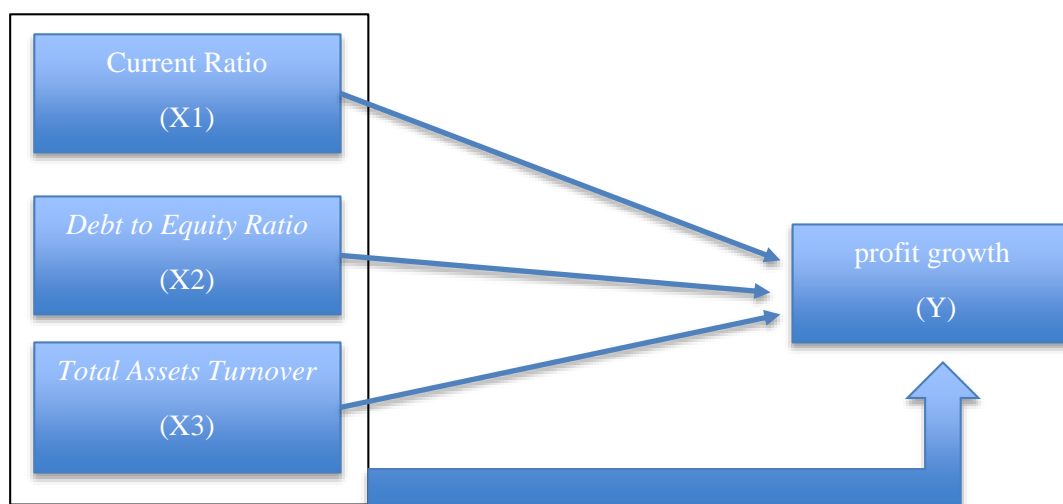


Figure 1. Conceptual Framework

4. RESEARCH METHODS

This study uses a quantitative approach with descriptive methods and multiple linear regression analysis to test the effect of Current Ratio, Debt to Equity Ratio, and Total Assets Turnover on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) during the period 2017–2021. The data used are secondary data in the form of annual financial reports obtained from the official IDX website (www.idx.co.id). The sampling technique was carried out by purposive sampling with certain criteria, so that 10 companies were obtained as samples from 14 available populations. Data analysis was carried out through descriptive statistical stages, classical assumption tests (normality, multicollinearity, autocorrelation, and heteroscedasticity), and hypothesis testing using the F test and t test, with the help of SPSS software as an analysis tool.

Current Ratio (X1)

In this study, the independent variable (X1) used is *Current Ratio* is an indicator used to assess the extent to which a company is able to pay off its current debts using its current assets. According to the opinion (D. Saputra, 2023) It is explained that the higher the ratio indicates the greater the ability to pay off current debts. Because current assets are greater than current debts. The formula *Current Ratio* namely as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Debt to Equity Ratio(X2)

In this study, the independent variable (X2) used is *Debt to Equity Ratio*. This ratio measures the extent to which a company uses equity as collateral for the company's liabilities. According to the opinion (Kirana & Diyani, 2023) The higher the DER, the higher the debt will cause the greater interest burden that must be borne by the company and cause profits to decrease. The formula that can be used to calculate *Debt to Equity Ratio* that is:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Total Asset Turnover (X3)

Total Asset Turnover namely the ratio of comparison between sales and assets. This ratio assesses the company's ability to utilize its assets to generate income. In other words, this ratio calculates how often invested assets rotate to generate income. According to the opinion (Kirana & Diyani, 2023) This ratio provides an overview of the relationship between assets in supporting operational activities. The formula that can be used to measure *Debt to Equity Ratio* that is:

$$\text{Total Asset Turn Over} = \frac{\text{Sales}}{\text{Total Assets}}$$

Profit Growth (Y)

Profit growth is the increase and decrease obtained from the budget that has been invested in an activity. (Herawati, 2019) ,Profit growth refers to how much profit a company has increased over a period. Profit growth can be calculated by subtracting the profit from the previous year and dividing it by the profit from the previous year, as stated by (Prihatini & Pradopo, 2020)

$$\text{Profit Growth} = \frac{\text{Profit of the Year Before} - \text{Profit of the Year Previous Year Profit}}{\text{Previous Year Profit}}$$

5. RESULTS AND DISCUSSION

Descriptive statistical analysis

Current Ratio

Current Ratio used to assess the extent of the company's ability to pay off its obligations with its current assets. If the ratio is higher, this shows that the company is in a better position in line with the opinion (Syarafina et al., 2024) But if *Current Ratio*. The lower it is, it means the company cannot pay off its current liabilities due to the company's poor financial condition. The following is the Current Ratio data from automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period:

Table 1 : Current Ratio Period

	2017	2018	2019	2020	2021	Rate-rate
Asia	1,23	1,13	1,29	1,54	1,54	1,35
AUTO	1,72	1,48	1,61	1,86	1,53	1,64
BOLT	3,13	1,79	2,01	1,63	1,53	2,02
GJTL	1,63	1,50	1,49	1,61	1,76	1,60
I have	0,80	0,75	0,77	0,76	0,72	0,76
INDS	5,13	5,21	5,83	6,17	3,48	5,16
LPIN	5,21	7,92	13,04	9,05	7,26	8,50
PRAS	1,00	0,82	0,60	2,38	1,85	1,33
MSMS	3,74	3,94	4,64	5,77	4,18	4,45
MPMX	1,47	2,13	2,01	1,54	1,44	1,72
Rate-rate	2,50	2,67	3,33	3,23	2,53	2,85

The results of the descriptive statistical analysis show quite significant variations in the financial performance of automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. *Current Ratio (CR)* has a minimum value of 0.76 and a maximum of 8.50, with an average of 2.85. So it can be seen from the overall average, that the company with the lowest CR value is the IMAS company at 0.76 and the company with the highest CR value is the LPIN company at 8.50. So it can be concluded that the average table per year, in 2018 and 2019 increased by 2.67 and 3.33. And in 2020 and 2021 it decreased again by 3.23.

Debt to Equity Ratio (DER)

To assess the extent to which a company uses equity as collateral for corporate debt. (Andriani et al., 2023) Which is calculated if the DER value increases, the higher the risk that must be borne. And if the DER value is less than 1, then the company is in a healthy condition so that the company can cover

its obligations with its equity (Fitrianiingsih & Budiansyah, 2019). The following is the data *Debt to Equity Ratio* from automotive companies listed on the Indonesia Stock Exchange for the period 2017-2021:

Table 2 : Debt Equity Ratio Period

	2017	2018	2019	2020	2021	Rate-rate
Asia	0,89	0,98	0,88	0,73	0,70	0,84
AUTO	0,37	0,41	0,37	0,35	0,43	0,39
BOLT	0,65	0,78	0,66	0,60	0,67	0,67
GJTL	2,20	2,35	2,02	1,59	1,65	1,96
I have	2,43	3,02	3,75	2,81	2,97	3,00
INDS	0,14	0,13	0,10	0,10	0,19	0,13
LPIN	0,16	0,10	0,07	0,09	0,09	0,10
PRAS	1,28	1,38	1,57	2,21	2,36	1,76
SMSM	0,34	0,30	0,27	0,27	0,33	0,30
MPMX	1,11	0,36	0,32	0,46	0,58	0,56
Rate-rate	0,96	0,98	1,00	0,92	1,00	0,97
Max	3,00					
Min	0,10					

From the results of the data above, it is related *Debt to Equity Ratio* (DER) has a minimum value of 0.10, which is located in the LPIN company and a maximum value of 3.00, which is located in the IMAS company, while the average value is 0.97. So it can be concluded that the average table per year, in 2018-2019 experienced an increase of 0.98 and 1.00. In 2020 it decreased by 0.92 and in 2021 it increased by 1.00.

Total Assets Turnover (TATO)

This ratio aims to assess how often invested assets are turned over to generate income. And is a comparison ratio between total sales and total assets. (Putri & Riduwan, 2021). The following is the data *Total Assets Turnover* from automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period:

Table 3 : Total Assets Turnover Period

	2017	2018	2019	2020	2021	Rate-rate
Asia	0,70	0,69	0,67	0,52	0,64	0,64
AUTO	0,92	0,97	0,96	0,78	0,89	0,90
BOLT	0,88	0,90	0,95	0,70	0,86	0,86
GJTL	0,78	0,78	0,85	0,76	0,83	0,80
I have	0,48	0,44	0,42	0,31	0,38	0,40
INDS	0,81	0,97	0,74	0,58	0,84	0,78
LPIN	0,38	0,32	0,27	0,31	0,39	0,33
PRAS	0,23	0,35	0,21	0,18	0,16	0,22
SMSM	1,37	1,40	1,27	0,96	1,08	1,21
MPMX	1,47	1,33	1,73	1,21	1,31	1,41
Rate-rate	0,80	0,81	0,81	0,63	0,74	0,76
Max	1,41					
Min	0,22					

Meanwhile, *Total Assets Turn over* (TATO) has a minimum value of 0.22 located in the PRAS company and a maximum of 1.41 located in the MPMX company, with an average of 0.76. The average per year, in 2018 there was an increase of 0.81. So it can be concluded that the average table in 2019 remained at 0.81. In 2020 there was a decrease of 0.63. In 2021 there was an increase of 0.74.

Profit Growth

The difference in income earned from costs incurred from the previous period to the current period (Putri & Riduwan, 2021). If a company succeeds in increasing profits each period, it shows that the company has optimal performance. (Likha & Fitria, 2019) The following is Profit Growth data from automotive companies listed on the Indonesia Stock Exchange for the period 2017-2021:

Table 4 : Profit Growth Period

	2017	2018	2019	2020	2021	rate by rate
Asia	0,26	0,18	-0,03	-0,30	0,38	0,10
AUTO	0,13	0,24	0,20	-1,05	-17,77	-3,65
BOLT	-0,17	-0,19	-0,32	-2,11	-2,44	-1,05
GJTL	-0,93	-2,66	-4,61	0,19	-0,75	-1,75
I have	-0,80	-2,77	0,38	-5,33	-0,67	-1,84
INDS	1,29	-0,03	-0,08	-0,42	1,69	0,49
LPIN	-4,00	-0,83	-0,09	-0,77	2,48	-0,64
PRAS	-2,49	1,04	-6,35	-0,89	-0,86	-1,91
SMSM	0,11	0,14	0,01	-0,16	0,35	0,09
MPMX	0,01	7,96	-0,87	-0,71	2,07	1,69
Rate-rate	-0,66	0,31	-1,18	-1,16	-1,55	-0,85
Max	1,69					
Min	-3,65					

Meanwhile, the average profit growth with a minimum value of -3.65 and a maximum of 1.69. Overall, the results of this analysis indicate that the automotive industry in Indonesia has diverse financial dynamics, with differences in financial and operational strategies that affect the company's profitability performance.

Multiple Linear Analysis Test

Multiple Linear Regression Analysis aims to see the influence of independent variables on dependent variables.

Variables	Regression Coefficient B
1 (Constant)	0,046
<i>Current Ratio</i>	-0,043
<i>Debt to Equity Ratio</i>	-0,845
<i>Total Assets Turnover</i>	0,362

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \text{and}$$

Based on the results of the multiple linear regression equation that has been formulated, it can be concluded that the variables Current Ratio (X1), Debt to Equity Ratio (X2), and Total Assets Turnover (X3) have different effects on profit growth. The constant value of 0.046 indicates that if all independent variables are zero, then profit growth is estimated at 0.046. The Current Ratio variable has a negative

effect on profit growth with a coefficient of -0.043, which means that every 1% increase in the Current Ratio will reduce profit growth by 0.043. Likewise, the Debt to Equity Ratio also shows a stronger negative effect on profit growth, with a coefficient of -0.845. This means that the higher the DER, the greater the decline in profit. Conversely, Total Assets Turnover has a positive effect on profit growth with a coefficient of 0.362, indicating that the efficiency of asset use contributes positively to increasing profit growth. This finding indicates that companies need to be more careful in managing liquidity and leverage structures, as well as maximizing the effectiveness of asset use to drive profitability.

Hypothesis Testing

f Test (Simultaneous)

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Say.	
1 Regression	25,794	3	8,598	4,382	0,009 ^b	
Residual	80,455	41	1,962			
Total	106,249	44				

Based on the results of the Anova test above, a significant value of 0.009 < 0.05 was obtained, so the hypothesis was accepted. This shows that the variable *Current Ratio*, *Debt to Equity Ratio* and *Total Assets Turn Over* has a significant impact on profit growth in automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period. (Suyono et al., 2019a)

t-test (partial)

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Say.	Tolerance	VIF
1	(Constant)	0,046	1,089		0,043	0,966		
	Current Ratio	-0,043	0,138	-0,058	-0,308	0,760	0,517	1,933
	Debt to Equity Ratio	-0,845	0,364	-0,481	-2,321	0,025	0,430	2,324
	Total Assets Turnover	0,362	0,707	0,085	0,512	0,612	0,671	1,491

a. Dependent Variable: Profit Growth

Based on the results of the t-test (partial) processed using SPSS, the following results were obtained:

H1: Based on the results of the Anova test above, a significant value of 0.009 < 0.05 was obtained, so the hypothesis is accepted. This shows that the variable *Current Ratio*, *Debt to Equity Ratio* dan *Total Assets Turn over* has a significant impact on profit growth in automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period (Suyono et al., 2019a).

H2: Influence *Current Ratio* Against Profit Growth Based on table 16, the regression coefficient is -0.043 and has a significant figure of 0.760 > 0.05. (Firly et al., 2023), this shows that *Current Ratio* has a negative and insignificant effect on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

H3: Influence *Debt to Equity Ratio* on Profit Growth. Based on table 16, the regression coefficient is -0.845 and has a significant figure of 0.025 < 0.05. Based on the opinion (Sihombing, 2018), this shows that *Debt*

to *Equity Ratio* has a significant negative effect on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

H4: Influence *Total Assets Turn over* On Profit Growth. Based on table 16, the regression coefficient is 0.362 and has a significant figure of $0.612 > 0.05$. In line with the opinion (Nababan et al., 2022), this shows that *Total Assets Turn over* has a positive and insignificant effect on profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

Determination Coefficient (R²)

Based on the results of the determination coefficient analysis (R-Square) of 0.243 or 24.3%, it can be concluded that the variables Current Ratio, Debt to Equity Ratio, and Total Assets Turnover together are able to explain the variation in changes in profit growth by 24.3%. This means that the three independent variables have a limited contribution to the profit growth of the automotive companies studied. Meanwhile, the remaining 75.7% is explained by other factors outside the model that are not discussed in this study, such as external economic factors, managerial strategies, cost efficiency, market conditions, or other financial variables. This shows that although financial ratios have an influence, there are many other aspects that also determine the company's profit growth.

6. DISCUSSION

The results of this study indicate that *variabel current ratio, debt to equity ratio and total assets turn over* has a significant impact on profit growth in automotive companies listed on the Indonesia Stock Exchange for the 2017-2021 period (Suyono et al., 2019) Which shows the size *current ratio, debt to equity ratio and total assets turn over* will affect profit growth. Which means the ability of a company to pay off short-term and long-term obligations, increasing debt in financing capital and increasing asset turnover, then the resulting profit increases. Of course this has a positive influence on investors to invest in automotive companies. This research is in line with (Suyono et al., 2019) which shows that the variable *current ratio, debt to equity ratio and total assets turnover* has a significant impact on profit growth.

The study findings show that based on the influence *current ratio, debt to equity ratio dan total assets turn over* on profit growth in automotive companies listed on the IDX in previous research conducted by (D. Saputra, 2023) explains that the current ratio has a negative and significant effect, while the debt to equity ratio has a positive and significant effect. While on the other hand, total asset turnover has a positive and significant effect. Of course, this is a novelty in current research. Where this is also influenced by various factors such as company factors by utilizing assets properly, then there are factors influenced by investors where if investors want to invest, investors can see or analyze the company. The novelty in this research opens up opportunities for further research, research can replace other sectors by providing a clear picture related *current ratio, debt to equity ratio dan total assets turn over* on profit growth. Research can also add other variables such as *re turn on equity, return on asset, net profit margin* and others. This is in line with the findings (D. Saputra, 2023)

The findings of the statistical test show that *current ratio, debt to equity ratio dan total assets turn over* together have a positive influence. This is in accordance with research conducted by (Suyono et al., 2019). Where the high capital in a company supports operational activities, so that the profit growth obtained will increase. (Likha & Fitria, 2019) believes that this certainly provides benefits for investors and also companies, where companies gain trust from investors regarding profit growth in automotive companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. The study strengthens the findings of this study (Firly et al., 2023) that influence *current ratio* on profit growth has a negative and insignificant effect. The results of the study explain that the high or low ability of a company to pay off its current debt does not affect profit growth, which is due to the large amount of funds, idle inventory, receivables that have not been collected and the company cannot allocate funds effectively so that the resulting profit is not optimal. Here another (Sihombing, 2018) argue that this shows the result debt to equity *ratio* has a negative and significant effect. Which means that profit growth in automotive companies is affected by where the capital comes from, the company's capital from short-term & long-

term debt, equity (paid-in capital, shares, retained earnings). In addition, (Nababan et al., 2022) Total assets turnover explains that it has a positive and insignificant effect, which means that total asset turnover does not affect profit because high sales are followed by high operating costs.

Based on the research results, the influence *current ratio*, *debt to equity ratio* and *total assets turn over* on profit growth in automotive companies listed on the Indonesia Stock Exchange for the period 2017-2021 will increase and affect profit growth. However, (Meifari, 2023) argues that the current ratio shows that the company is able to pay off its current debts. While (Dika & Pasaribu, 2020) think that *debt to equity ratio* influenced by the high and low debt can affect profits. And total assets turnover is influenced by the high and low cost of goods sold, the number of assets that are not managed well and increased sales. So that profit growth has decreased due to low sales so that the profit obtained is very low.

7. CONCLUSION

In this study, it is related to the influence *Current Ratio (CR)*, *Debt to Equity Ratio (DER)*, And *Total Assets Turn over (TATO)* on the profit growth of automotive companies listed on the Indonesia Stock Exchange in the period 2017-2021. Overall, these variables show a positive influence on profit growth. The results of the study show that fluctuations and financial management of the company greatly determine the impact of each ratio on profit performance. The analysis shows that *Current Ratio (CR)* gives a negative and insignificant effect on profit growth, this is because if the CR is too high if not managed properly it will not produce additional profits and vice versa the CR will decrease. Therefore, the company must be able to utilize assets and control capital from debt which aims to increase profit growth. While *Debt to Equity Ratio (DER)* has a significant negative effect on profit growth. This is because the higher the debt, the lower the profit growth in the company itself.

And *Total Assets Turn over (TATO)* has a positive but insignificant effect on profit growth. does not have a significant positive effect on profit growth. This means that TATO does not contribute to profit growth because high sales are followed by high operating costs, and the company is not efficient in utilizing available assets so that it does not increase profit growth. Overall, this study emphasizes the need for a balanced and efficient capital management strategy, both in asset management and funding structure, to support optimal profit growth for the company.

8. FUTURE DIRECTIONS

Future research may consider external factors such as macroeconomic policies and raw material price fluctuations that influence the relationship. *Current Ratio (CR)*, *Debt to Equity Ratio (DER)*, and *Total Assets Turn over (TATO)* on profit growth. A comparative study between conventional automotive companies and those switching to electric vehicles can provide insight into the effectiveness of financial management in facing industry changes. From this side, it can predict profit growth. Thus, future research can provide strategic insights for academics, companies, and investors in facing the ever-growing economic challenges.

REFERENCE

- Afriyeni, A., Waldelmi, I., & Pahlawan, R. (2023). Pengaruh current ratio, total asset turnover, net profit margin terhadap pertumbuhan laba pada PT HM Sampoerna Tbk BEI. *Jurnal Bisnis Kompetitif*. <https://ejournal.kompetif.com/index.php/bisniskompetif/article/view/1598>
- Andriani, S. D., Kusumastuti, R., & ... (2023). Pengaruh Return on Equity (ROE), Earning Per Share (EPS) dan Debt to Equity Ratio (DER) Terhadap Harga Saham (Studi Empiris Pada Perusahaan Industri *Owner: Riset Dan Jurnal* <http://www.owner.polgan.ac.id/index.php/owner/article/view/1268>
- Damayanti, D. (2024). ... *CURRENT RATIO DAN NET PROFIT MARGIN TERHADAP PERTUMBUHAN LABA PADA SUBSEKTOR TRANSPORTASI DAN LOGISTIK YANG TERDAFTAR DI BEI* repository.oso.ac.id. <https://repository.oso.ac.id/id/eprint/50/>

- Dika, M. F., & Pasaribu, H. (2020). Pengaruh Earning Per Share, Return on Assets, Dan Debt to Equity Ratio Terhadap Harga Saham. *Nominal Barometer Riset Akuntansi Dan* <https://journal.uny.ac.id/index.php/nominal/article/view/31436>
- Faisal, G. N., & Syafruddin, M. (n.d.). PENGARUH GOOD CORPORATE GOVERNANCE DAN CORPORATE SOCIAL RESPONSIBILITY TERHADAP KINERJA KEUANGAN DENGAN MANAJEMEN LABA SEBAGAI VARIABEL MEDIASI (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2018). *DIPONEGORO JOURNAL OF ACCOUNTING*, 9(2), 1–13. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Firly, H. A., Hartono, A., & Ardiana, T. E. (2023). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Food and Beverage Yang Terdaftar di Bursa Efek Indonesia Periode Tahun 2017-2021. *SENTRI: Jurnal* <https://ejournal.nusantaraglobal.ac.id/index.php/sentri/article/view/1393>
- Fitri, M. (2024). ... on Asset, Return on Equity, Net Profit Margin Terhadap Pertumbuhan Laba Pada Perusahaan Sub Sektor Nikel yang Terdaftar di Bursa Efek Indonesia (BEI) Periode etheses.uingusdur.ac.id. <http://etheses.uingusdur.ac.id/8664/>
- Fitrianingsih, D., & Budiansyah, Y. (2019). Pengaruh current rasio dan debt to equity ratio terhadap harga saham di perusahaan food and beverage yang terdaftar di Bursa Efek Indonesia Periode 2013–2017. *Jurnal Riset Akuntansi Terpadu*. <https://jurnal.untirta.ac.id/index.php/JRAT/article/view/5347>
- HARTINI, D. (n.d.). PENGARUH PROFITABILITAS, LEVERAGE, DAN UKURAN PERUSAHAAN TERHADAP MANAJEMEN LABA.
- Herawati, H. (2019). Pentingnya laporan keuangan untuk menilai kinerja keuangan perusahaan. *JAZ: Jurnal Akuntansi Unihaz*. <https://journals.unihaz.ac.id/index.php/jaz/article/view/806>
- Hidayat, H., & Samryn, S. (2024). PENGARUH TOTAL ASSET TURN OVER, CURRENT RATIO, PRICE EARNING RATIO DAN DEBT TO ASSETS RATIO TERHADAP HARGA SAHAM SEBELUM DAN *Jurnal Ilmiah Multidisiplin Ilmu*. <https://journal.smartpublisher.id/index.php/jimi/article/view/38>
- Iis, R. (2024). ... TOTAL ASSET TURNOVER DAN RETURN ON ASSET TERHADAP PERTUMBUHAN LABA PERUSAHAAN (Studi Pada Perusahaan Pertambangan Yang Terdaftar repository.radenintan.ac.id. <http://repository.radenintan.ac.id/32296/>
- Kirana, P., & Diyani, L. A. (2023). Pengaruh Current Ratio, Debt to Equity Ratio, Total Asset Turnover, dan Net Profit Margin terhadap Pertumbuhan Laba pada Industri Kesehatan. *JURNAL ONLINE INSAN AKUNTAN*. <https://ejournal-binainsani.ac.id/index.php/JOIA/article/view/2847>
- Likha, M., & Fitria, A. (2019). Pengaruh pertumbuhan laba, kinerja keuangan terhadap nilai perusahaan dimoderasi corporate social responsibility. *Jurnal Ilmu Dan Riset Akuntansi* <https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/2040>
- Luas, C. O. A., Kawulur, A. F., & ... (2021). ... , pertumbuhan laba dan profitabilitas terhadap kualitas laba perusahaan manufaktur sektor industri barang konsumsi yang terdaftar di Bursa Efek Indonesia (BEI) *Jurnal Akuntansi Manado* <https://ejournal.unima.ac.id/index.php/jaim/article/view/1459>
- Meifari, V. (2023). Analisis laporan keuangan menggunakan metode liquidity ratio dan leverage ratio pada PT Perusahaan Gas Negara Tbk periode 2020-2021. *Journal of Innovation Research and Knowledge*. <https://www.bajangjournal.com/index.php/JIRK/article/view/6799>

- Nababan, S. S., Girsang, R. M., & Tarigan, W. J. (2022). Prediksi Pertumbuhan Laba Perusahaan Sub Sektor Food and Beverage Yang Terdaftar di Bursa Efek Indonesia Periode 2018-2020. *Jurnal Ekonomi Integra*. <http://journal.stieip.ac.id/index.php/iga/article/view/210>
- Nurhayati, Y., Juliani, G., Angrainy, Y., & ... (2025). Pengaruh Current Ratio, Return on Asset, Total Asset Turn Over Terhadap Nilai Perusahaan Di Perusahaan Manufaktur. *Jurnal Ekonomi Dan* <https://jurnal.ittc.web.id/index.php/jebd/article/view/2292>
- Nurmalia, G. (2021). Green Banking Dan Rasio Kecukupan Modal Mempengaruhi Pertumbuhan Laba Bank Umum Syariah di Indonesia. *Fidusia: Jurnal Keuangan Dan Perbankan*. <https://fe.ummetro.ac.id/ejournal/index.php/jpk/article/view/690>
- Prihatini, N. D., & Pradopo, L. R. (2020). Analisis Pengaruh Rasio Profitabilitas Dan Solvabilitas Terhadap Pertumbuhan Laba (Studi Kasus Pada Pt Telekomunikasi Indonesia Tbk Yang Terdaftar di Bursa *JISAMAR (Journal of* <http://journal.stmikjayakarta.ac.id/index.php/jisamar/article/view/168>
- Putri, W. R. A., & Riduwan, A. (2021). Pengaruh rasio likuiditas, leverage dan aktivitas terhadap pertumbuhan laba. *Jurnal Ilmu Dan Riset* <http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/4185>
- Rachmad, A. N., & Muid, D. (2013). *Pengaruh Struktur Kepemilikan, Leverage, dan Return on Asset (ROA) Terhadap Kebijakan Dividen (Studi Empiris pada Perusahaan Nonkeuangan yang* Fakultas Ekonomika dan Bisnis.
- Rahman, A. (2024). *PENGARUH INTELLECTUAL CAPITAL (IC), STRUKTUR MODAL, DAN LEVERAGE TERHADAP PROFITABILITAS DENGAN GOVERNANCE RISK* UNIVERSITAS PASUNDAN.
- RARA, M. (2021). *PENGARUH PROFITABILITAS, FINANCIAL LEVERAGE DAN NON PERFORMING FINANCING (NPF) TERHADAP INCOME SMOOTHING DENGAN GOOD* repository.radenintan.ac.id. <http://repository.radenintan.ac.id/13167/>
- Saputra, D. (2023). Pengaruh Rasio Likuiditas, Solvabilitas Dan Aktivitas Terhadap Pertumbuhan Laba Pada Perusahaan Sub Sektor Otomotif Yang Terdaftar Di Bei. *OPTIMAL Jurnal Ekonomi Dan Manajemen*. <https://journal.amikveteran.ac.id/index.php/optimal/article/view/2178>
- Saputra, I. (2024). *... Ratio, Current Ratio, Total Asset Turnover, Net Profit Margin dan Debt Equity Ratio terhadap Return Saham Perusahaan IDX 80 di Bursa Efek Indonesia Periode* eprints.unmas.ac.id. <http://eprints.unmas.ac.id/id/eprint/6022/>
- SARI, D. J. (2023). *PENGARUH PROFITABILITAS, PERTUMBUHAN LABA, INVESTMENT OPPORTUNITY SET (IOS) TERHADAP KUALITAS LABA DENGAN KOMITE AUDIT SEBAGAI* eprints.unmas.ac.id. <http://eprints.unmas.ac.id/id/eprint/5383/>
- Septiyarina, P. (2022). *Pengaruh current ratio, total asset turnover, dan return on assets terhadap pertumbuhan laba (Vol. 1, Issue 1)*.
- Sihombing, H. (2018). *Pengaruh current ratio dan debt to equity ratio terhadap pertumbuhan laba pada perusahaan properti dan real estate yang terdaftar di Bursa Efek Indonesia periode* journal.uta45jakarta.ac.id. <https://journal.uta45jakarta.ac.id/index.php/MSE/article/view/1227>
- Simamora, M., & Said, S. (2024). *PENGARUH CURRENT RATIO, TOTAL ASSET TURNOVER, DEBT TO EQUITY RATIO, DAN RETURN ON ASSET TERHADAP FINANCIAL DISTRESS (STUDI* *... Nasional Fakultas Ekonomi Dan* <https://senafebi.budiluhur.ac.id/index.php/senafebi/article/view/121>

- SIMANGUNSONG, A. (2023). *PENGARUH CURRENT RATIO, DEBT TO EQUITY RATIO, TOTAL ASSETS TURNOVER, NET PROFIT MARGIN TERHADAP EARNING PER SHARE PADA* repository.unbari.ac.id. <http://repository.unbari.ac.id/id/eprint/2714>
- Suryaman, Y., Nuridah, S., & Sagitarius, E. (2023). ... Pengaruh Leverage dan Rasio Aktivitas terhadap Profitabilitas Perusahaan Manufaktur Sub Sektor Otomotif dan Komponen yang Terdaftar di Bursa Efek Indonesia *Innovative: Journal Of Social* <http://j-innovative.org/index.php/Innovative/article/view/4544>
- Suyono, S., Yusrizal, Y., & ... (2019). analisis pengaruh current ratio, total debt to equity ratio, inventory turnover, total asset turnover, receivable turnover dan size perusahaan terhadap pertumbuhan laba *Bilancia: Jurnal* <https://ejournal.pelitaIndonesia.ac.id/ojs32/index.php/BILANCIA/article/view/568>
- Syarafina, F., Sugiharto, & Riza Syahputera. (2024). Pengaruh Current Ratio, Debt to Equity Ratio dan Total Asset Turn Over Terhadap Pertumbuhan Laba. *Journal of Management, Entrepreneur and Cooperative*, 3(2), 109–121. <https://doi.org/10.56869/jmec.v3i2.560>
- Wijaya, D. (2024). *PENGARUH DEBT TO ASSET RATIO (DAR), TOTAL ASSET TURNOVER (TATO) TERHADAP RETURN SAHAM MELALUI PERTUMBUHAN LABA SEBAGAI* rama.mdp.ac.id. <http://rama.mdp.ac.id:84/id/eprint/564>