Analysis of the Effect of Debt to Equity Ratio, Current Ratio, Total Asset Turnover, Net Profit Margin & Gross Profit Margin on Profit Growth

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Abstract. This study aims to examine the financial ratios that affect profit growth in textile and garment sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016–2020 period. In this study, the authors use 6 (six) variables, where the dependent variable is profit growth (Y), then the independent variables consist of Debt to Equity Ratio (X1), Current Ratio (X2), Total Asset Turnover (X3), Net Profit Margin (X4), and Gross Profit Margin (X5). The population taken from the BEI is 21 companies with a sample of 9 companies. This sample was taken using a purposive sampling technique by taking data from the 2016–2020 financial statements. The type of data used in this research is secondary data. The research method used is descriptive analysis, classical assumption test, multiple linear regression analysis, and hypothesis testing. Based on the results of the partial study, the variable that has a significant effect on profit growth is only the Gross Profit Margin (GPM) variable, and for the other 4 variables it has no significant effect on profit growth. But simultaneously, all independent variables can have a significant effect on profit growth.

Keywords: current ratio · debt to equity ratio · gross profit margin · net profit margin · profit growth · total asset turnover

1 Introduction

During the covid pandemic that has been going on in Indonesia since early 2020, this pandemic has had an impact on declining sales of textile and garment companies. The reason is that textile Small and Medium Industries (IKM) players claim to have experienced a decline in sales due to this pandemic and the market is flooded with imported products. If the government does not protect the local market against the production of SMEs, it is likely that SMEs will die slowly [1].

The impact of this pandemic has caused the demand for clothing during the pandemic to experience a very drastic decline, because along with the closure of shopping centers to textile centers, this has an impact on textile and garment companies. In addition, millions of employees are threatened with layoffs and 80% of employees have been laid off. According to the General Chairperson of the Indonesian Textile Association (API),

P. Hartanto (Ed.): ICEMAC 2022, AEBMR 252, pp. 34–47, 2023.
https://doi.org/10.2991/978-94-6463-226-2_4

Jeremy Kartiwa, revealed that in the Textile and Textile Products (TPT) Industry there was a reduction in staff of around 2.1 million people.

The company's ability to fulfill its obligations is very worrying because a textile entrepreneur usually runs out of cash due to payments from domestic exports that do not flow. Secretary General of the Indonesian Textile Association (API) Rizal Tanzil Rakhman stated that sales of the textile industry shrank by around 50% due to lower domestic consumption demand and many canceled export orders [2].

In this kind of event, financial ratios can participate in handling the decline in profit growth in a company. These financial ratios can be used to provide an overview of the company's performance and financial condition, so that it can be used as a consideration in making company policies to overcome the declining profit growth. As in 2019, the Duniatex Group, which is one of the major textile industry groups, experienced the issue of default, making the textile industry continue to be in the spotlight. One of the factors causing difficulties faced by the textile industry in Indonesia is the trade war between the largest economic powers in the world, namely the United States and China, which has resulted in a global slowdown. This is taken from a report released by Standard & Poors (S&P) on July 16, 2019 [3].

In this case, profit growth in the company is closely related to financial performance and is useful for illustrating or explaining the financial position or condition of a company [4]. According to [5], if the company can utilize and manage human resources well, then this can make the company benefit.

Previous research stated that the Current Ratio (CR) means that every time the CR value increases it will cause a decrease in profit, because like current liabilities to inventory (CLI), the greater the value of the CLI ratio, the lower profit growth will be. Because basically, a very high CLI ratio can indicate a company's dependence on suppliers or an increasing level of short-term debt to finance supply. While TAT, NPM and Sales Growth (SG) have a positive effect because the ratio can show a picture of the level of efficiency or success of a company. The greater the income generated, the faster the turnover of assets in the company will be.

Based on previous studies, with research results showing that the variables that affect profit growth are different. For example, the research conducted by Endri, Aprida, etc. showed that the CR variable had an effect but was negative and in other studies it had no effect. Therefore, based on these and the phenomena about profit growth above, the researcher will examine or re-analyze the company's profit growth which is influenced by financial ratios.

2 Literature Review

A. *Agency Theory*

Agency theory was first pioneered byJensen & Meckeling, (1976) revealed that agency theory is an agency relationship between the owner of the company and a manager who gives a contract or order to perform the duties and authorities that have been given by the owner of the company [6]. According to agency theory, a firm can be seen as a loosely defined contractual relationship between two parties: the shareholders and the company's operations [7] Agency theory that can be related to this research lies in companies that are successful in carrying out operational management activities of the company. Financial ratios that are used as independent variables can be an indicator of the success of the company's management and act as agents in carrying out the duties of the company owner to achieve the goals or reasons for the establishment of a company.

B. *Signaling Theory*

Signaling theory was first proposed by Michael (1973), which states that the owner of the information can provide a signal or signal in the form of information that can reflect the condition of a company, so that it can be useful for the recipient or investor. According to [8], signaling theory or signal theory provides an overview of the reasons that make companies willing to provide reporting information to external parties. [9] explain that this theory explains about the reasons the company provides financial reports as information to outsiders such as to the capital market and how the company should provide signals to the parties using financial reports. The relationship between signal theory and this research is because the financial ratios used in this study are micro-economic indicators in the company which are signals or signs that are predicted to have an influence on the rate of profit growth. Thus, investors can assess the performance of the company.

C. *Profit Growth*

Profit growth is a ratio that describes companies that are able to increase their net income compared to last year [10]. If profit growth in a company increases, this can illustrate that the company's financial performance can run well. Where companies can utilize and manage existing resources properly. The relationship between profit growth and this research is when the company has a management plan to see business prospects and risks in the future. So in this case profit growth is an important indicator in the sustainability of the company.

D. *Debt to Equity Ratio (DER)*

Debt to Equity Ratio(DER) can reflect the company in covering obligations or long-term debt. This DER variable describes the comparison between all equity and total long-term liabilities [11]. DER can reflect or describe the ability of the company to meet or pay its debts with the company's capital or equity. Because this low or small ratio can show that the company is still able to meet its debt obligations to creditors. The relationship between the Debt to Equity Ratio (DER) and this research is when the company is able to pay its obligations or debts with its own capital.

E. *Current Ratio (CR)*

According to [10] said that CR can show the ability of current assets to cover current liabilities. Current ratio is a a ratio used to measure the level of the company's ability to pay off short-term obligations or debts (soon to be due) when they are fully collected [12] The smaller the value of the current ratio, the company's ability to cover its current debt is low, and vice versa. The relationship between the Current Ratio (CR) and this research lies when the company is able to cover its short-term liabilities with current assets. Because CR can show how much current liabilities can be covered with current assets. The smaller the value of the CR ratio, the company is able to cover its short-term obligations, and vice versa.

F. *Total Asset Turnover (TATO)*

According to [10], Total Asset Turnover (TATO) is used to measure the company's ability to generate sales of its assets. The relationship between Total Asset Turnover (TATO) and this research is when the company is able to generate sales based on the assets owned by the company. As sales increase, the company's profits also increase.

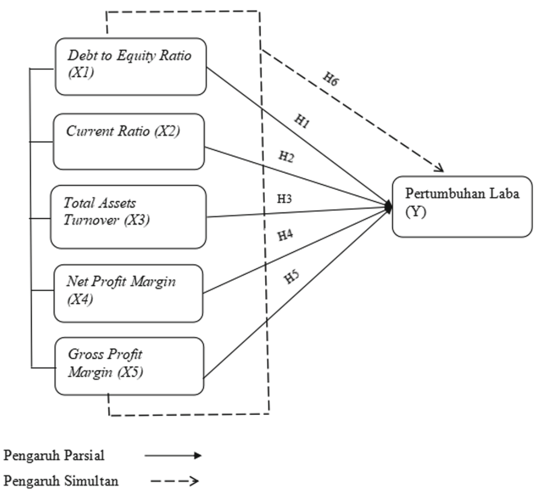
G. *Net Profit Margin (NPM)*

Net Profit Margin is the ratio of profitability in order to determine the ratio of net income company and sales [13]. According to [14], Net Profit Margin can show the ratio between net income or net profit after tax on sales. Net profit income that is greater than operating income will cause an increase in the profit margin ratio so that it is expected that income can also increase as it should. This shows that the company's revenue will increase if the company's ability to generate net income increases. The relationship between Net Profit Margin (NPM) and this research lies when the company is able to earn a net profit which aims to measure the profit earned by the company.

H. *Gross Profit Margin (GPM)*

According to [15], said that the production efficiency capabilities and sales capabilities. If the company gets sales results with a larger gross profit, it can be concluded that the GPM value of the company is large. The relationship between Gross Profit Margin (GPM) and this research lies when the company can show the rate of return on gross profit obtained from net sales.

I. *Framework*



J. *Hypothesis Develompment*

1. Effect of Debt to Equity Ratio (DER) on profit growth

According to [14], the ratio that can be useful for assessing debt to company capital is called the Debt to Equity Ratio (DER). If the value of the DER ratio is higher, it can indicate that the higher the value of funding provided by the company. Because it can make the rate of profit growth be low, and vice versa. According to the results of research conducted by [16], stated that DER can affect profit growth. The increase in the DER ratio can have a positive and significant effect in predicting profit growth because this ratio can show the company's ability to manage its long-term debt. Based on this description, a hypothesis can be drawn as follows:

H1: Debt to Equity Ratio (DER) can have a positive and significant effect on profit growth.

2. Effect of Current Ratio (CR) on profit growth

According to [14], Current Ratio (CR) is a ratio that can be used to measure the company's ability to meet current debts that are due soon. This can be influenced by cash that is not used properly. Because if cash is not used properly, it can affect the company's profit growth caused by the large number of idle funds. According to the results of research conducted by [17, 18], Current Ratio (CR) can have a positive and significant effect on profit growth. An increase in the value of the CR ratio can cause a decrease in profit growth, and vice versa. If the company has high liquidity, it means that the company has high operating activities. So this can lead to increased profit growth in the company. Based on this description, a hypothesis can be drawn as follows:

H2: Current Ratio (CR) can have a positive and significant effect on profit growth.

3. Effect of Total Asset Turnover (TATO) on profit growth

According to [19], Total Asset Turnover (TATO) is the ratio between total assets and sales which measures the efficiency or accuracy of the use of assets and a quick return of funds in the form of cash. If the value of the TATO ratio is low, it can indicate that the company is not carrying out operational activities at a standard or adequate volume. However, if the TATO value is greater, it can indicate that the use of all assets is carried out efficiently by the company to generate net sales of a company. According to s[20], rapid asset turnover can support net sales activities, so as to increase the profit earned by the company.

According to research results [17, 21], Total Asset Turnover (TATO) can have a positive and significant effect on profit growth. The TATO ratio in a company can be useful to reflect the level of accuracy in using assets for sales. The greater the income generated by the company, the faster the turnover of assets used in the company. That way, the company's profit growth can increase rapidly. Based on this description, a hypothesis can be drawn as follows:

H3: Total Asset Turnover (TATO) can have a positive and significant effect on profit growth.

4. Effect of Net Profit Margin (NPM) on profit growth

According to [14], Net Profit Margin (NPM) is a measure of the company's profit by comparing tax compared to sales with profit after interest and is used to show the company's net income on sales, be it profit or loss. This net income can be used as a measure of the company's profit growth. If NPM has a good influence on profit growth, then the net income can increase. Because this can be guaranteed by the level of sales generated by the company, and vice versa.

According to [22], partially GPM has no positive and significant effect on profit growth, but simultaneously with NPM and ROE can have a positive and significant effect on profit growth. This is because the gross profit generated by the company is small compared to its sales. Because the greater the gross profit (GPM) generated by the company, it will support profit growth in the company itself. So that the higher the GPM ratio in a company, the greater the increase in profit growth in each period. Based on this description, a hypothesis can be drawn as follows:

H4: Net Profit Margin (NPM) can have a positive and significant effect on profit growth.

5. Effect of Gross Profit Margin (GPM) on profit growth

According to [15], Gross Profit Margin (GPM) is the ability of efficiency or accuracy and company sales to show how big the level of gross profit is from net sales. If the GPM value is generated by a large company, the company will get a gross profit value that is greater than sales. So this can affect the company's profit growth, because the value of gross profit (GPM) generated is large and can be used to support profit growth in the company itself. So that the higher the GPM ratio, the increase in profit growth in each period increases. Based on this description, a hypothesis can be drawn as follows:

H5: Gross Profit Margin (GPM) can have a positive and significant effect on profit growth.

6. Effect of Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM), Gross Profit Margin (GPM) simultaneously on profit growth

Based on the five hypotheses above, each variable has its own influence on the profit growth of a company. Several variables have a good effect on profit growth when the value of the ratio of each variable increases. On the other hand, the lower the value of the variable ratio, the lower the effect on profit growth. Therefore, if the testing of each variable is carried out simultaneously or simultaneously, it can prove whether all the variables tested simultaneously still have the potential to affect profit growth or vice versa cannot have an effect. In accordance with this explanation, the following hypotheses can be taken:

H6: Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM), Gross Profit Margin (GPM) can simultaneously have a positive and significant effect on profit growth.

3 Research Method

According to [23] stated that the technique used in data collection is very important because it is in accordance with the main purpose of the research itself is to obtain information or data. The types of data collection used are documentation and literature study by reviewing notes, literature, books, and reports related to the problem to be solved in a study.

This study uses a population of textile and garment companies listed on the IDX with a research period of 5 years from 2016–2020. The population of the textile and garment sector companies used were 21 companies. While the determination of the sample in this study was determined by the purposive sampling method, namely the determination of the sample was not done randomly, but the information obtained was considered first [23].

The criteria for selecting the sample are as follows: (1)Textile and garment sub-sector companies listed on the IDX during the 2016–2020 research period, (2) Annual report audited data is available for the 2016–2020 period, (3) Annual financial reports that have been audited (annual report audited) and presented in dollars.

The companies that are used as samples that meet these criteria are 9 companies out of 21 companies that make up the population. Then for the measurement of variables using financial ratios as a measuring tool in determining the effect on profit growth, these financial ratios include the Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM) and Gross Profit Margin (GPM). The data analysis technique used is descriptive analysis, classical assumption test, multiple regression analysis and hypothesis testing.

4 Result and Discussion

A. *Classic assumption test*

In the normality test, the regression used in the study is said to be normal because the points spread out following a diagonal line. Then in the Multicollinearity test, the five independent variables in the study did not have symptoms of multicollinearity. This is because all variables have a tolerance value of less than 0, 10 and a VIF value of less than 10. In the autocorrelation test, the regression used is free from autocorrelation symptoms. Because the results of the test show that the Durbin Upper value obtained from the Durbin Watson table is smaller than the Durbin Watson value from the data analysis with the equation DU < DW < 4-DU. The last classical assumption test is the heteroscedasticity test which shows that the regression used in the study, the resulting points spread irregularly on the y-axis. So that the regression model used is free from heteroscedasticity symptoms.

B. *Multiple Linear Regression Analysis*

Multiple regression model analysis to test the effect of variable X on variable Y, namely profit growth. The multiple linear regression equation used is Y = + 1X1 + 2X2 + 3X3 + 4X4 + e. Based on the results of data analysis, the following regression equation was obtained:

Profit Growth = -15.824 + 0.025 DER + 0.008 CR + 0.044 TATO + (-0.167) NPM + 1.167 GPM.

C. *Coefficient of Determination Test*

Based on the table above, the value of the coefficient of determination is 0.398. This means that the variables DER, CR, TATO, NPM and GPM have an effect on profit growth of 3.98%. While the rest (100% - 3.98% = 96.02) is influenced by other variables, the magnitude of this other variable is often referred to as error (e). According to Ghozali

Table 1. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error	Durbin-Watson
1	.631	.398	.321	13.48225	1.886

(2013), the magnitude of the coefficient of determination generally ranges from 0–1. However, if the resulting R-Square value is negative, it can be said that the X variable has no effect on the Y variable. Furthermore, the smaller the R-Square value, the weaker the X's influence on Y. On the other hand, if the R-Square value is closer to the number 1, then the influence of the variable X on Y will be stronger.

D. *Partial Effect Test (t Test)*

Basically, the t or partial test can show the influence of the X variable individually in explaining the Y. variable (Ghozali, 2013). The formula for calculating the t-table is:

T-table = (α/2; nk-1, df = nk-1 = 45–5-1 = 39.

Note:

α: Significant value (0.05).

n: Number of samples.

k: Number of independent variables.

The results of the t-test analysis or t-count values can be seen in the table below:

Results of the table test show that at of 0.05, the following conclusions are obtained:

t-table = (α/2; nk-1).

= (0.05/2; 45–5-1).

= (0.025; 39).

= 2.023 (value seen from the t-table list).

From the value of the t-table calculation results, it can be concluded that if the value generated from each hypothesis test is more than or less than the t-table value (2.023), then Ho is rejected, whereas if the value generated from each hypothesis test is in the nominal -2.023 and 2.023 or more then Ho is accepted.

E. Simultaneous Influence Test (Test f)

Table 2. Partial Effect Test (t Test)

Model		**t**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	-2.415	.021		
	DER(X1)	1.425	.162	.587	1,704
	CR(X2)	.634	.530	.881	1.135
	TATTOO (X3)	.794	.432	.685	1,459
	NPM (X4)	-1,160	.253	.386	2,588
	GPM (X5)	3.551	.001	.548	1,824

Table 3. Simultaneous Influence Test (Test f)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4691,245	5	938,249	5.162	.001b
	Residual	7089,066	39	181,771		
	Total	11780.311	44			

The results of the table test show that at of 0.05, the following conclusions are obtained:

f-table = 5.162.

df = (k; nk).

= (5; 45–5).

= (5; 40).

= 2,450 (value seen from the f-table list).

Based on the table above, it is known that the significance value for the effect of DER, CR, TATO, NPM and GPM simultaneously on profit growth is sig. Its value is 0.001 which means that the value is smaller than its significance value of 0.05 ($0.001 < 0.05$). In addition, from the table, the calculated f value is 5.162, which means that the value is greater than the f table value ($5.162 > 2.450$). So it can be concluded that the 5th hypothesis or Ha is accepted or Ho is rejected. This shows that all X variables consisting of DER, CR, TATO, NPM and GPM can simultaneously affect the Y variable.

F. Discussion of Research Results

1. Effect of Debt to Equity Ratio (DER) on profit growth

Based on the results of the analysis in this study, the Debt to Equity Ratio (DER) cannot have a positive and significant effect on profit growth in the company. Because in this case it can be seen that the capital structure owned by the company is dominated by debt compared to its own capital. This dominance can have a negative impact on the survival of the company, especially in increasing the rate of profit growth.

If the debt owned by the company is lower than the capital, then the company's ability will be better in an effort to generate profits and the company can carry out its operational activities properly. So that the company can generate the expected profit of the company. This is not in line with agency theory which states that the success of a company can be seen from the company's efforts in managing the company's operational management activities. One way is to increase profit growth which is influenced by corporate debt (DER).

So it can be concluded that the Debt to Equity Ratio (DER) variable or debt has no positive and significant effect on profit growth in textile and garment companies listed on the IDX for the 2016–2020 period. The results of this study are in line with research that has been carried out by [18, 21], which states that the Debt to Equity Ratio (DER) has no positive and significant effect on profit growth.

2. Effect of Current Ratio (CR) on profit growth

Based on the results of the study, which shows that the Current Ratio (CR) has no positive and significant effect on profit growth. This can indicate that the cash owned by the company is idle or not being used efficiently for the company's operational activities. So that it can inhibit profit growth in the company, because a good company is a company that has total fixed assets that are greater than current assets. However, from a creditor's point of view, a high Current Ratio (CR) can be a good thing for creditors. Because the Current Ratio (CR) can meet the company's current liabilities. However, from the perspective of shareholders, of course this can be bad news for investors, because the higher the Current Ratio (CR) value,

In accordance with signaling theory which states that information or the condition of a company is very important for an investor to choose and decide on a company that has the potential to have a good profit growth rate and provide benefits for both parties, both for investors and the company itself. Therefore, investors can be more selective in investing in companies that will be used as a place to invest the shares.

From this explanation, it can be concluded that the Current Ratio (CR) does not have a positive and significant effect on profit growth in textile and garment companies listed on the Indonesia Stock Exchange for the 2016–2020 period. The results of this study are in line with research that has been carried out by [16, 21], the Current Ratio (CR) has no positive and significant effect on profit growth.

3. Effect of Total Asset Turnover (TATO) on profit growth

It is known that Total Asset Turnover (TATO) cannot have a positive and significant effect on profit growth. This finding shows that the Total Asset Turnover (TATO) ratio can describe the use of assets in sales to generate profits. The more effective use of company assets for sales will result in higher profits. As in signaling theory, companies can give signals or cues to investors to attract their attention to invest their shares in the company. But in this case, high sales cannot reflect the company will get a large profit. The cost of goods in the garment industry cannot be predicted because of the very tight price competition and resulting in swelling costs which have an impact on declining company profit growth and can cause losses to the company. In addition, the use of assets that are not effective can cause a decrease in profit growth in the company.

The higher or lower the level of sales can affect the profit growth of the company itself. This is not in line with agency theory because the company is not able to manage the company's operational activities because the company does not use assets effectively to support the company's operational activities. So that the rate of profit growth has decreased and the profits obtained are also low. Total Asset Turnover (TATO) variable has no positive and significant effect on profit growth in textile and garment companies listed on the Indonesia Stock Exchange for the 2016–2020 period. The results in line with the research that has been done [18] who said that Total Asset Turnover (TATO) had no positive and significant effect on profit growth.

4. Effect of Net Profit Margin (NPM) on profit growth

Based on the results of the study, it can be seen that the Net Profit Margin (NPM) has no positive and significant effect on profit growth. This can indicate that the lower the NPM ratio, the profit growth obtained by the company will also be lower so that the company's ability to generate profits is quite low. Companies that do not experience losses can be used as a sign that the company has a positive net profit margin. If the Net

Profit Margin value is minimal, this can be caused by the income from the company's operating activities cannot cover the operational costs incurred by the company. This related to agency theory because the company cannot manage the company's operational activities properly because the income generated from the company's operational activities itself cannot cover or pay the costs that must be incurred for the operational activities themselves.

This also shows that the higher the value of Net Profit Margin (NPM) does not always indicate the company's profit growth can increase every year. So it can be concluded that Net Profit Margin (NPM) does not have a positive and significant effect on profit growth in textile and garment companies listed on the Indonesia Stock Exchange for the 2016–2020 period. The results of this study are in line with research conducted by [22] which says that Net Profit Margin (NPM) has no positive and significant effect on profit growth.

5. Effect of Gross Profit Margin (GPM) on profit growth

Based on the research results, it is known that Gross Profit Margin (GPM) has a positive and significant effect on profit growth. The Gross Profit Margin (GPM) ratio is useful for measuring how far the company's ability to obtain gross profit from the sales that have been made. The higher the Gross Profit Margin (GPM) value, it means that the company's opportunity to earn greater profits will be greater or its profit growth will increase so that it can prosper the company's sustainability. The Gross Profit Margin (GPM) ratio is partially the only ratio that has a significant influence on profit growth. This variable is one indicator of the success of the company's management in carrying out the company's operational activities. This is directly related to agency theory, because Gross Profit Margin (GPM) can act as a supporting indicator of the company's success to achieve its ultimate goal, namely to increase profit growth.

Concluded that Gross Profit Margin (GPM) has a positive and significant effect on profit growth in textile and garment companies listed on the Indonesia Stock Exchange for the 2016–2020 period. The results of this study are not in line with the research conducted by [22] which states that the GPM variable has no significant effect on profit growth, while the research conducted by the researcher concludes that the results of his research state that the GPM variable can have a positive and significant effect on profit growth.

6. Effect of Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM) and Gross Profit Margin (GPM) on profit growth

Based on the research results, it is known that Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM) and Gross Profit Margin (GPM) simultaneously that textile and garment companies have a positive and significant effect. to profit growth. This means, all variables x simultaneously that textile and garment companies have can have an effect. Starting from the influence of debt, the ability of the company to meet its current liabilities, the use of assets in the sale of the company, and the ratio of net profit and gross profit simultaneously can be an indicator of variables that have an effect on increasing the rate of profit growth in the company. Affect profit growth in the company.

This is in accordance with agency theory which states that financial ratios can be an indicator of the success of the company's management in managing the company's operational activities so that the company can carry out its operational activities properly and the ultimate goal of the company itself can be achieved, namely to get the maximum profit commensurate with it. With the company's efforts. This is also related to signaling theory where information on the success of a company getting high profits or increasing profit growth in the company can be used as important information for investors and can attract investors to invest.

5 Conclussion

Based on the results of data processing, the conclusions that can be drawn are that:

1. The Debt to Equity Ratio (DER) variable has no positive and significant effect on profit growth, and it means that hypothesis 1 which states that the DER variable has a significant effect on profit growth is not accepted. This is because the amount of debt owned by the company is more and exceeds the company's own capital which can have a negative impact on the rate of profit growth in the company.
2. The Current Ratio (CR) variable has no positive and significant effect on profit growth, so hypothesis 2 which states that the CR variable has a significant effect on profit growth is not accepted. This is caused by the use of current assets that are less effective so that they cannot meet the company's short-term debt obligations.
3. The Total Asset Turnover (TATO) variable has no positive and significant effect on profit growth, so the third hypothesis is rejected. This is because the use of assets in the sale is less effective, so that the resulting profit decreases and the rate of profit growth also decreases.
4. Variable Net Profit Margin (NPM) has no positive and significant effect on profit growth so that hypothesis 4 is rejected. This is because the net income of the company is not able to cover the operational costs of the company. So that it can allow the company to experience losses and decrease profit growth.
5. The Gross Profit Margin (GPM) variable can have a positive and significant effect on profit growth. From the results of the analysis that has been done, it can be concluded that the hypothesis testing 5 is accepted. Because with the gross profit generated from sales, it has the opportunity to get a bigger profit so that profit growth will also increase.
6. Variables Debt to Equity Ratio (DER), Current Ratio (CR), Total Asset Turnover (TATO), Net Profit Margin (NPM) and Gross Profit Margin (GPM) can simultaneously have a positive and significant effect on profit growth, so it can concluded that the 6th hypothesis is accepted. That is, all the independent variables used in the study are able to affect the rate of profit growth in a company.

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