

# Analysis of the Influence of Return On Assets, Return on Equity, Total Assets Turnover, and Inventory Turnover on Profit Growth

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## ARTICLE INFO

**JEL Classification:**

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**Accepted:** 14-10-2025

**Fixed:** 21-10-2025

**Accepted:** 04-11-2025

**Published:** 11-11-2025

**Keywords:**

*Return on Assets, Return on Equity, Total Assets Turnover, Inventory Turnover, Profit Growth*



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## ABSTRACT

This study aims to test and analyze the effect of Return On Assets (ROA), Return On Equity (ROE), Total Assets Turnover (TATO), and Inventory Turnover (ITO) on profit growth in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. This industry was chosen because of its strategic role in meeting the basic needs of the community and its high operational activities, thus demanding effective resource management to achieve maximum profits. The research method used is a quantitative approach with secondary data obtained from the company's annual financial statements. The sample was determined with certain criteria to ensure the relevance of the data during the observation period which includes the dynamics of the post-pandemic economy. The main theoretical foundations used are Resource-Based Theory (RBT) which emphasizes the management of internal resources to achieve competitive advantage, and Signaling Theory which places financial ratios as performance signals for external parties. The results of the study are expected to provide empirical evidence on how the efficiency of asset management, equity, and inventory turnover contributes to the increase in the company's net profit. Practically, this research is useful for company management in evaluating operational effectiveness and for investors as a consideration in making investment decisions. These findings also enrich the financial management literature related to the dynamics of profit growth in the consumer goods industry sector in Indonesia.

## INTRODUCTION

In today's era of globalization, competition in the business world is becoming increasingly competitive and dynamic. This condition requires every company to continue to develop in order to maintain its existence and improve operational quality in a sustainable manner (Agustinus, 2021). One of the crucial aspects that determines sustainability is good governance in every business line, where management is required to be able to manage its resources effectively and efficiently to achieve the company's strategic goals (Effendi, et al., 2021).

In the study of strategic management, the Resource-Based Theory (RBT) proposed by Barney (1991) is a very relevant foundation. This theory emphasizes that a company's competitive advantage can be achieved through the management of resources that have valuable, rare, difficult to imitate, and well-organized characteristics or are known as the VRIN (Valuable, Rare, Inimitable, Organized) criteria (Oktaviani, 2023). Optimal management of internal resources,

both tangible and intangible assets, is the main factor that determines the success of a company in creating added value and profitability (Safitri, et al., (2021).

The food and beverage sub-sector industry was chosen as the object of this research because it has a strategic role in meeting the basic needs of the daily community. This sector shows high operational activity and a strict production system, such as standardization from the Food and Drug Control Agency (BPOM). This dense operational dynamics require companies to have qualified management in order to generate maximum profits every year (Septiyarina, 2022).

Sustainable profits are not just numbers, but the main indicator for investors to assess the company's financial performance and future prospects (Suhartono, 2022). Profit growth, defined as a percentage increase in net profit compared to the previous year, reflects a company's ability to manage its internal assets and resources productively. For management, profit growth is a symbol of successful strategic decision-making; For investors, this is a signal of promising investment opportunities; while for creditors, this shows the company's ability to fulfill its financial obligations (Saifurrohman, et al., 2021).

Data from BPS and the Ministry of Industry (2025) show fluctuations in profit growth in food and beverage companies in Indonesia for the 2019-2023 period. In 2019, the average profit growth was at 6.40%, but it declined sharply to 0.50% in 2020 due to the impact of the pandemic. Although it had experienced a recovery in 2021 and 2022, this figure corrected slightly again in 2023 to 4.47%. This uncertainty phenomenon triggers the need for in-depth analysis through financial ratios to predict future profit growth (IDX, 2025).

Financial ratio analysis such as Return On Assets (ROA), Return On Equity (ROE), Total Assets Turnover (TATO), and Inventory Turnover (ITO) are important instruments to evaluate a company's efficiency and effectiveness. ROA and ROE reflect profitability and return rates for shareholders, while TATO and ITO illustrate how agile a company is in managing its assets and inventory (Fitriati, 2021). Based on Signalling Theory, these ratios function as relevant information that management conveys to external parties to reduce information asymmetry and increase market confidence.

However, in practice, managing these ratios often faces challenges, ranging from the use of less productive assets to stock buildup that hinders cash flow. The difference in the results of previous research regarding the influence of these ratios on profit growth also shows that there is a research gap that needs to be studied further. Therefore, this study was conducted to analyze the influence of these variables on profit growth in food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period.

## **LITERATURE REVIEW**

### **Resource-Based Theory**

This theory was first put forward by Wernerfelt (1984) and expanded by Barney (1991). RBT emphasizes that a company's competitive advantage can be achieved through the management of internal resources that meet the criteria of VRIN: Valuable, Rare, Inimitable, and Organized. In this context, optimal management of assets and internal capabilities allows companies to improve operational efficiency and reduce costs, ultimately driving sustainable profit growth.

### **Signaling Theory**

The signal theory introduced by Spence (1973) explains that the management (the owner of the information) provides signals in the form of relevant information to external parties to reduce information asymmetry. Financial ratios such as ROA, ROE, TATO, and ITO serve as signals that describe the effectiveness of the company in utilizing resources. Positive signals of good financial

performance will increase investor confidence in the company's future prospects, which supports the creation of sustainable profit growth.

### **Profit Growth**

The profit growth reflects an increase in the percentage of the company's net profit compared to the previous year. This indicator is very important because it shows the ability of management to manage internal resources productively to maintain long-term business sustainability. For management, the trend of increasing profits is a symbol of strategy success, while for investors, it indicates a promising potential return on investment (Septiyarina, 2022).

### **Financial Ratios and Their Influence**

1. Return On Assets (ROA): Measures the effectiveness of management in using total assets to generate net profit. ROA reflects the productivity of the asset; The higher the ratio, the more effective the company's resource management.
2. Return On Equity (ROE): Shows the rate of return that the company generates from every rupiah of equity invested by the owner. Stable ROE reflects the company's strong fundamentals in creating value for shareholders.
3. Total Assets Turnover (TATO): Measures how effectively a company uses all of its assets to generate sales. A low TATO indicates an unproductive asset and can hinder the achievement of maximum profit.
  - Inventory Turnover (ITO): Describes the efficiency of a company in managing and rotating stock inventory. Effective stock management supports smooth cash flow and has a direct impact on improving cost efficiency (Nugraha, et al., 2021).

## **RESEARCH METHODS**

This study uses a quantitative approach with an explanatory method to analyze the causality relationship between variables. The object of the research is focused on food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. The selection of this sector is based on its strategic industrial characteristics in meeting the basic needs of the community and its high operational dynamics, so it requires highly efficient asset and capital management to maintain stable profit growth in the midst of global competition. The data used in this study is secondary data in the form of annual financial statements obtained through the official IDX website or the website of each company.

The sampling technique was carried out by the purposive sampling method, where samples were selected based on specific criteria to ensure the availability of relevant and consistent data over the five-year observation period. The dependent variable in this study is Profit Growth, which is measured through the percentage increase in net profit compared to the previous year. Meanwhile, independent variables consist of four main financial ratios, namely Return On Assets (ROA) as an indicator of the effectiveness of total asset management, Return On Equity (ROE) to measure the owner's return on equity, Total Assets Turnover (TATO) to assess the turnover speed of all assets in generating sales, and Inventory Turnover (ITO) to evaluate the efficiency of inventory management.

To test the hypothesis, this study applied multiple linear regression analysis techniques with the help of statistical software. Before conducting the regression test, the data was first tested through a series of classical assumption tests, which included normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests, to ensure that the resulting regression model was BLUE (Best Linear Unbiased Estimator) (Ghozali, 2021). Furthermore, partial testing (t-test) was carried out to determine the influence of each financial ratio on profit growth, while simultaneous testing (F-test) was used to see the influence of all independent variables together.

This analysis aims to provide empirical evidence regarding the most dominant internal factors in triggering an increase in the company's net profit.

## RESULTS AND DISCUSSION

### RESULTS

The object of this research focuses on food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The food and beverage industry is one of the main pillars of national manufacturing that has high durability because its products are a staple of the community. The companies sampled in this study include business entities engaged in the production of food processing, packaged beverages, and other consumer products that have complex supply chains.

During the 2019-2023 period, these companies faced significant economic dynamics, ranging from pandemic pressures in 2020 to recovery and adjustment to global inflation in the following years. In general, the characteristics of companies in this sub-sector have high inventory turnover and a strong reliance on asset efficiency to generate profits. Their presence on the stock exchange demands the transparency of financial statements, which is the basis for financial ratio analysis in empirically measuring a company's performance and profit growth.

### Research Variable Data

#### Return On Assets (ROA)

Table 1. Return On Assets (ROA)

| NO  | Kode Perusahaan | ROA    |       |       |       |       |
|-----|-----------------|--------|-------|-------|-------|-------|
|     |                 | 2019   | 2020  | 2021  | 2022  | 2023  |
| 1.  | GOOD            | 8,61   | 3,89  | 6,28  | 5,80  | 7,81  |
| 2.  | ICBP            | 5,76   | 4,05  | 3,74  | 2,67  | 3,91  |
| 3.  | MYOR            | 8,87   | 7,41  | 6,82  | 5,79  | 8,50  |
| 4.  | ULTJ            | 11,16  | 11,50 | 11,15 | 11,06 | 10,35 |
| 5.  | AISA            | -53,05 | -1,26 | 1,12  | 0,31  | -9,49 |
| 6.  | CEKA            | 9,57   | 10,47 | 10,23 | 0,27  | 0,64  |
| 7.  | DLTA            | 25,39  | 18,59 | 21,44 | 26,20 | 30,16 |
| 8.  | ROTI            | 7,33   | 8,06  | 7,43  | 8,85  | 8,99  |
| 9.  | SKLT            | 5,69   | 5,49  | 9,51  | 7,25  | 6,07  |
| 10. | STTP            | 14,86  | 14,44 | 17,02 | 13,60 | 16,74 |
|     | RATA - RATA     | 5,40   | 9,04  | 9,53  | 8,61  | 9,53  |

Return on Assets (ROA) in food and beverage subsector companies for the 2019–2023 period showed fluctuations. The average ROA was recorded at 8.60% in 2019, dropped to 6.71% in 2020, then slightly improved in 2021 by 6.99%. In 2022, it weakened again to 6.33% due to a decline in MYOR's profit margin and ICBP's low profitability. In 2023, performance improved with average ROA rising to 7.64%.

#### Return On Equity (ROE)

Table 2. Return On Equity (ROE)

| NO | Kode Perusahaan | ROE   |       |       |       |        |
|----|-----------------|-------|-------|-------|-------|--------|
|    |                 | 2019  | 2020  | 2021  | 2022  | 2023   |
| 1. | GOOD            | 16,02 | 10,09 | 16,16 | 14,93 | 16,90  |
| 2. | ICBP            | 19,92 | 22,38 | 18,77 | 12,56 | 11,26  |
| 3. | MYOR            | 20,59 | 17,53 | 19,63 | 15,11 | 20,87  |
| 4. | ULTJ            | 19,23 | 26,24 | 26,87 | 26,15 | 23,99  |
| 5. | AISA            | 11,62 | -3,38 | 3,10  | 0,82  | -34,00 |
| 6. | CEKA            | 9,88  | 10,72 | 10,50 | 0,29  | 0,68   |

|     |             |       |       |       |       |       |
|-----|-------------|-------|-------|-------|-------|-------|
| 7.  | DLTA        | 26,44 | 19,25 | 21,96 | 26,94 | 30,84 |
| 8.  | ROTI        | 8,51  | 9,65  | 8,68  | 10,02 | 9,98  |
| 9.  | SKLT        | 11,83 | 10,45 | 15,60 | 12,67 | 9,53  |
| 10. | STTP        | 18,68 | 18,64 | 20,21 | 15,90 | 18,93 |
|     | RATA - RATA | 16,07 | 13,61 | 13,10 | 11,71 | 10,45 |

The average Return on Equity (ROE) of the four food and beverage sub-sector companies during the 2019–2023 period shows a fluctuating trend. In 2019, the average ROE was at 18.94% and experienced a slight increase to 19.06% in 2020. The following year, 2021, the average value increased further to reach 20.35%. However, in 2022 the average ROE decreased significantly to 17.18%. Then, in 2023 there will be an improvement with an increase of 18.25% again.

#### Total Assets Turnover (TATO)

Table 3. Total Assets Turnover (TATO)

| NO  | Kode Perusahaan | TATO |      |      |      |      |
|-----|-----------------|------|------|------|------|------|
|     |                 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 1.  | GOOD            | 1,44 | 1,30 | 1,25 | 1,42 | 1,33 |
| 2.  | ICBP            | 1,16 | 0,66 | 0,51 | 0,56 | 0,46 |
| 3.  | MYOR            | 0,14 | 0,28 | 0,37 | 0,36 | 0,37 |
| 4.  | ULTJ            | 0,67 | 0,70 | 0,90 | 1,03 | 1,04 |
| 5.  | AISA            | 0,91 | 0,76 | 0,77 | 0,82 | 0,71 |
| 6.  | CEKA            | 3,61 | 3,65 | 3,84 | 3,66 | 4,54 |
| 7.  | DLTA            | 0,77 | 0,68 | 0,73 | 0,78 | 0,80 |
| 8.  | ROTI            | 0,78 | 0,80 | 0,89 | 1,01 | 1,09 |
| 9.  | SKLT            | 1,62 | 1,62 | 1,53 | 1,49 | 1,40 |
| 10. | STTP            | 1,48 | 1,39 | 1,48 | 1,37 | 1,38 |
|     | RATA - RATA     | 1,41 | 1,26 | 1,34 | 1,35 | 1,43 |

The average Total Asset Turnover (TATO) in four food and beverage subsector companies during the 2019-2023 period fluctuated. In 2019, the average value was recorded at 0.85 times, then dropped to 0.73 times in 2020. Entering 2021, the average TATO increased slightly to 0.76 times, and in 2022 it rose again to 0.84 times. However, in 2023 this figure will weaken again with an average of 0.80 times.

#### Inventory Turnover (ITO)

Table 4. Inventory Turnover (ITO)

| NO  | Kode Perusahaan | ITO   |       |       |       |       |
|-----|-----------------|-------|-------|-------|-------|-------|
|     |                 | 2019  | 2020  | 2021  | 2022  | 2023  |
| 1.  | GOOD            | 6,74  | 6,68  | 6,74  | 6,82  | 6,04  |
| 2.  | ICBP            | 8,59  | 6,96  | 6,99  | 6,63  | 6,36  |
| 3.  | MYOR            | 4,66  | 4,52  | 4,46  | 4,11  | 4,12  |
| 4.  | ULTJ            | 4,85  | 4,64  | 3,61  | 3,51  | 3,52  |
| 5.  | AISA            | 2,99  | 3,14  | 3,24  | 2,95  | 2,84  |
| 6.  | CEKA            | 21,02 | 22,10 | 22,95 | 16,81 | 19,77 |
| 7.  | DLTA            | 23,62 | 20,34 | 21,73 | 21,21 | 18,19 |
| 8.  | ROTI            | 17,49 | 16,77 | 19,20 | 20,30 | 19,21 |
| 9.  | SKLT            | 6,04  | 5,96  | 6,95  | 6,06  | 5,11  |
| 10. | STTP            | 10,47 | 10,30 | 11,64 | 11,01 | 11,15 |
|     | RATA - RATA     | 9,70  | 9,35  | 10,14 | 9,66  | 10,09 |

The average Inventory Turnover (ITO) of the four food and beverage sub-sector companies during the 2019–2023 period shows a downward trend from year to year. In 2019, the average ITO value was recorded at 6.21 times, then dropped to 5.70 times in 2020. The decline continued

in 2021 with an average of 5.45 times, and weakened again in 2022 to 5.27 times. Until 2023, this trend will continue with an average ITO of only 5.01 times.

### Profit Growth

Table 5. Profit Growth

| NO  | Kode Perusahaan | ROA    |        |         |        |           |
|-----|-----------------|--------|--------|---------|--------|-----------|
|     |                 | 2019   | 2020   | 2021    | 2022   | 2023      |
| 1.  | GOOD            | -2,03  | -37,77 | 48,98   | -13,64 | 34,49     |
| 2.  | ICBP            | 10,07  | 30,08  | -10,26  | -19,64 | 109,42    |
| 3.  | MYOR            | 15,81  | 3,33   | -38,65  | 61,86  | 63,14     |
| 4.  | ULTJ            | 47,94  | 23,19  | -24,44  | -0,00  | 21,70     |
| 5.  | AISA            | 615,42 | -97,39 | -193,71 | -73,39 | -3.199,30 |
| 6.  | CEKA            | -6,58  | 14,61  | 3,15    | -97,41 | 117,93    |
| 7.  | DLTA            | 11,87  | -26,72 | 14,82   | 29,41  | 16,04     |
| 8.  | ROTI            | 3,53   | 13,68  | -13,93  | 11,74  | 2,11      |
| 9.  | SKLT            | -4,42  | -5,49  | 98,78   | -11,42 | 3,98      |
| 10. | STTP            | 78,97  | 9,12   | 33,94   | -6,40  | 46,96     |
|     | RATA - RATA     | 77,06  | -7,33  | -8,13   | -11,89 | -278,35   |

### Descriptive Statistical Analysis

Descriptive statistical analysis is used to provide an overview of the research variables. In this study, 5 variables were used, namely: one independent variable and four dependent variables. With the results of the analysis, namely:

Table 6. Descriptive Statistical Analysis

| Descriptive Statistics |    |         |         |         |                |
|------------------------|----|---------|---------|---------|----------------|
|                        | N  | Minimum | Maximum | Mean    | Std. Deviation |
| Return On Assets       | 50 | -53,05  | 30,16   | 8,6890  | 11,33320       |
| Return On Equity       | 50 | -3,38   | 30,84   | 13,9476 | 7,14480        |
| Total Assets Turnover  | 50 | 0,48    | 4,54    | 1,3720  | 0,92290        |
| Inventory Turnover     | 50 | 2,95    | 23,62   | 9,9308  | 7,30888        |
| Pertumbuhan Laba       | 50 | -193,71 | 615,42  | 18,6282 | 101,27798      |
| Valid N (listwise)     | 50 |         |         |         |                |

Based on the description of the descriptive statistical test table above, the following are obtained:

1. The table above shows the N value studied amounting to 50 samples. The Return On Asset (X1) variable has a mean value or average value of 8.68 which means that the average company has an asset return rate of 8.68%. For the minimum value amounting to -53.05 and the maximum value is 30.16. Then the standard deviation itself of 11.33 indicates a value greater than the mean and the level of large data spread/variation.
2. The Return On Equity (X2) variable has a mean value or average of 13.94 which means that the average company has an asset return rate of 13.94%. The minimum value is -3.38 and the maximum value is 30.84. Then the standard deviation itself of 7.14 indicates a value smaller than the mean and a small data spread/variation rate.

3. The Total Assets Turnover (X3) variable has a mean value or average of 1.37 which means that the average company has an asset return rate of 1.37%. The minimum value is 0.48 and the maximum value is 4.54. Then the standard deviation itself of 0.92 indicates a value smaller than the mean and a small data spread/variation rate.
4. The Inventory Turnover (X4) variable has a mean value or average of 9.93 which means that the average company has an asset return rate of 9.93%. The minimum value is 2.95 and the maximum value is 23.62. Then the standard deviation itself of 7.30 indicates a value smaller than the mean and a small data spread/variation rate.
1. The Profit Growth Variable (Y) has a mean value or average value of 18.62 which means that the average company has an asset return rate of 18.62%. The minimum value is -193.71 and the maximum value is 615.42. Then the standard deviation itself of 101.27 indicates a value greater than the mean and a large data spread/variation rate.

### Normality Test

In this study, the normality test is to test in the regression model of residual variables or disruptors whether there is a normal or abnormal distribution. To conduct a normality test, the researcher used the One Sample Kolmogorov-Smirnov test. By looking at the results of the test through significance values, it can be known whether the data used is distributed normally or abnormally. The residual test is declared to be normally distributed if the significance shows greater than the value of  $\alpha = 0.05$  (Kolmogorov Smirnov  $> 0.05$ ). The results of the normality test can be seen as follows:

Table 7. Normality Test

| One-Sample Kolmogorov-Smirnov Test       |                                 |             |                         |
|--|---------------------------------|-------------|-------------------------|
|  |                                 |             | Unstandardized Residual |
| N  |                                 |             | 50                      |
| Normal Parameters <sup>a,b</sup>         | Mean                            |             | 0,0000000               |
|  | Std. Deviation                  |             | 44,31288149             |
| Most Extreme Differences                 | Absolute                        |             | 0,121                   |
|  | Positive                        |             | 0,121                   |
|  | Negative                        |             | -0,058                  |
| Test Statistic                           |                                 |             | 0,121                   |
| Asymp. Sig. (2-tailed) <sup>c</sup>      |                                 |             | 0,069                   |
| Monte Carlo Sig. (2-tailed) <sup>d</sup> | Sig.                            |             | 0,066                   |
|  | 99% Confidence Interval         | Lower Bound | 0,059                   |
|  |                                 | Upper Bound | 0,072                   |
|  | a. Test distribution is Normal. |             |                         |
| b. Calculated from data.                 |                                 |             |                         |

Based on the normality test image above, it shows that the Asymp.Sig value is 0.069 which is greater than the value of 0.05. So it can be concluded that the residual value is distributed normally.

### Analisis Regresi Linear Berganda

This test was used to analyze the relationship between the tightness of the bound variable and the factors that affect the independent variables in the study. The test results can be seen in the research table as follows:

Table 8. Multiple Linear Regression Analysis

| Model |                       | Unstandardized Coefficients |            | Standardized Coefficients | t       | Sig.    |
|-------|-----------------------|-----------------------------|------------|---------------------------|---------|---------|
|       |                       | B                           | Std. Error | Beta                      |         |         |
| 1     | (Constant)            | -107,056                    | 21,611     |                           | -4,954  | < 0,001 |
|       | Return On Assets      | -10,226                     | 0,778      | -1,144                    | -13,150 | < 0,001 |
|       | Return On Equity      | 11,929                      | 1,199      | 0,842                     | 9,951   | < 0,001 |
|       | Total Assets Turnover | 9,660                       | 8,396      | 0,088                     | 1,150   | 0,256   |
|       | Inventory Turnover    | 3,515                       | 1,092      | 0,254                     | 3,217   | 0,002   |

From the multiple regression equation it can be concluded that:

1. The regression equation shows that a constant or fixed value of -107.056 has a negative value, with a significance level of < 0.001. This can be interpreted that if the variables Return On Assets (ROA), Return On Equity (ROE), Total Assets Turnover (TATO), and Inventory Turnover (ITO) are at zero or have no effect, then the company's profit growth is expected to decrease by 107.056%.
2. The regression coefficient of Return On Assets (ROA) shows a value of -10.226 with a significance value of < 0.001 indicating that if the increase in Return On Assets is 1% in one year period, assuming that it is influenced by the variables Return On Equity, Total Assets Turnover, Inventory Turnover, it will have a negative impact on the profit growth of food and beverage companies by 10.22%
3. The regression coefficient of Return On Equity (ROE) shows a value of 11.929 with a significance value of < 0.001 indicating that if the increase in Return On Assets is 1% in one year period, assuming that it is influenced by the variables of Return On Assets, Total Assets Turnover, Inventory Turnover, then it will have an impact on increasing the profit growth of food and beverage companies by 11.92%
4. The regression coefficient of Total Assets Turnover (TATO) shows a value of 9.660 with a positive value with a significance value of 0.256 (> 0.05) indicating that if an increase in Total Assets Turnover of 1% in one year period, assuming it is influenced by the variables Return On Assets, Return On Equity, Inventory Turnover, it tends to have an impact on the profit growth of food and beverage companies by 9.66%
1. The regression coefficient of Inventory Turnover (ITO) shows a value of 3.515 with a significance value of 0.002 (< 0.05) indicating that if an increase in Inventory Turnover of 1% in one year period, assuming that it is influenced by the variables of Return On Assets, Return On Equity, Total Assets Turnover, then it will provide an increase in the profit growth of food and beverage companies by 3.51%

#### Coefficient Determination Test

Testing the coefficient of determination in the study, with the aim of calculating how far the ability of the research regression model is to explain the variation of bound variables. The value of the determination coefficient ranges from 0 to 1. If R Square is close to the number of 1, then it can be identified that all the free variables are capable of explaining the bound variable. The results of the R square coefficient test in this study can be seen in the research table:

Table 9. Coefficient Determination Test

| Uji Koefisien Determinasi ( $R^2$ )<br>Model Summary |                   |          |                   |                            |
|--|-------------------|----------|-------------------|----------------------------|
| Model  | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1  | ,899 <sup>a</sup> | 0,809    | 0,791             | 46,28330                   |

The SPSS summary model yields a magnitude of the adjusted R<sup>2</sup> value in this equation of 0.791, this shows that independent variables (Return on assets, Return on equity, Total Assets Turnover, inventory Turnover) are able to explain the dependent variable (stock price) by 79.1%, while the remaining 20.9% is explained by other variables that are not studied in this study.

#### T Test (Partial)

This test is used to find out whether the overall independent variables in the research model can partially affect the bound variables. The test was carried out using a probability value of significance of 0.05.

Table 10. T Test (Partial)

| Tabel Uji T (Parsial)<br>Coefficients <sup>a</sup> |                       |                             |            |                           |         |        |
|--|-----------------------|-----------------------------|------------|---------------------------|---------|--------|
| Model  |                       | Unstandardized Coefficients |            | Standardized Coefficients | t       | Sig.   |
|  |                       | B                           | Std. Error | Beta                      |         |        |
| 1  | (Constant)            | -107,056                    | 21,611     |                           | -4,954  | <0,001 |
|  | Return On Assets      | -10,226                     | 0,778      | -1,144                    | -13,150 | <0,001 |
|  | Return On Equity      | 11,929                      | 1,199      | 0,842                     | 9,951   | <0,001 |
|  | Total Assets Turnover | 9,660                       | 8,396      | 0,088                     | 1,150   | 0,256  |
|  | Inventory Turnover    | 3,515                       | 1,092      | 0,254                     | 3,217   | 0,002  |

In the research table, it shows the T (Partial) test of each variable with t in table (2.015), namely:

1. The Effect of Return On Assets on Profit Growth.  
A t-value of -13.150 and a significance value of <0.001 were obtained. The value of t is smaller than the value of t in the table (-13.150 < 2.015) and then the significance value of <0.001 is smaller than the value of error tolerance  $\alpha = 0.05$ . So it can be concluded that the T Test (Partial), "Return on assets has a negative and significant influence on Profit Growth". So it can be interpreted that Hypothesis 1 (H1) is accepted.
2. The Effect of Return On Equity on Profit Growth.  
A t-value of 9.951 and a significance value of <0.001 were obtained. The value of t is greater than the value of t in the table (9.951 > 2.015) and then the significance value of <0.001 is smaller than the value of error tolerance  $\alpha = 0.05$ . So it can be concluded that the T Test (Partial), "Return on Equity has a positive and significant influence on Profit Growth". So it can be interpreted that Hypothesis 2 (H2) is accepted.
3. The Effect of Total Assets Turnover on Profit Growth.  
A calculated t-value of 1.150 and a significance value of 0.256 were obtained. The value of t is smaller than the value of t in the table (1.150 < 2.015) and then the significance value of 0.256 is greater than the value of error tolerance  $\alpha = 0.05$ . So it can be concluded that the T

Test (Partial), "Total Assets Turnover does not have a significant influence on Profit Growth". So it can be interpreted that Hypothesis 3 (H3) is rejected.

4. The Effect of Inventory Turnover on Profit Growth.

A t-value of 3.217 and a significance value of 0.002 were obtained. The value of t is greater than the value of t in the table (3.217 > 2.015) then the significance value of 0.002 is smaller than the value of error tolerance  $\alpha = 0.05$ . So it can be concluded that the T (Partial) Test, "Inventory Turnover has a positive and significant influence on Profit Growth". So it can be interpreted that Hypothesis 4 (H4) is accepted.

F Test (Simultaneous)

Table 11. F Test (Simultaneous)

| Tabel uji F (Simultan) |            |                |    |             |        |                    |
|------------------------|------------|----------------|----|-------------|--------|--------------------|
| ANOVA <sup>a</sup>     |            |                |    |             |        |                    |
| Model                  |            | Sum of Squares | df | Mean Square | F      | Sig.               |
| 1                      | Regression | 398092,710     | 4  | 99523,2     | 46,460 | <,001 <sup>b</sup> |
|                        | Residual   | 94254,310      | 44 | 2142,143    |        |                    |
|                        | Total      | 492347,020     | 48 |             |        |                    |

Based on the results of the F test in the table above, the F value was calculated at 46.460 and the significance value < 0.001. Meanwhile, the F value of the table is 2.58 with an error rate ( $\alpha$ ) = 0.05. Since F calculates > F table (46.460 > 2.58) and significance value (0.001 < 0.05), it can be explained that "simultaneously the variables Return On Assets, Return On Equity, Total Assets Turnover, and Inventory Turnover have a significant effect on Profit Growth." so it can be interpreted that Hypothesis 5 (H5) is accepted.

**DISCUSSION:**

**The Effect of Return On Assets (ROA) on Profit Growth**

The analysis shows that ROA has a positive and significant influence on profit growth. This indicates that any increase in the efficiency of a company in managing its total assets to generate net profit will be followed by an increase in profit growth. In the context of the food and beverage industry, the use of fixed assets such as production machinery and optimal distribution facilities greatly determines the volume of output and sales. This result is in line with the Resource-Based Theory which states that competitive advantage (in the form of profit growth) can be achieved if the company is able to manage its internal assets productively. Strong profitability signals through ROA provide the market with confidence that the company is in a healthy operational condition.

**The Effect of Return On Equity (ROE) on Profit Growth**

The results of the second hypothesis test show that ROE has an effect on profit growth. This ratio reflects the extent to which the company is able to generate profits from the equity invested by shareholders. In the food and beverage sector, strong capital allows companies to innovate products and expand markets. The company's ability to provide a good rate of return for investors is an indicator that the company has solid financial fundamentals. The increase in ROE gives a positive signal to investors that management has successfully allocated its own capital effectively to finance activities that bring greater profits in the future.

**The Effect of Total Assets Turnover (TATO) on Profit Growth**

TATO has been proven to have a significant influence on profit growth, which means that the speed of total asset turnover in generating sales is a determining factor in profit increase. The higher the value of TATO, the more effectively the company uses all of its assets to create revenue.

In the consumer goods industry, where profit margins per unit may be small, large sales volumes through rapid asset turnover are the key to achieving net profit growth. These findings support the theory of operational efficiency, where the optimization of assets in the production and sales process directly accelerates the accumulation of a company's profits.

### **The Effect of Inventory Turnover (ITO) on Profit Growth**

Testing on ITO variables showed a significant influence on profit growth. Given the characteristics of food and beverage products that have an expiration date, the speed of inventory turnover becomes crucial. Effective stock management through high ITO values indicates that products are not stored in the warehouse for too long, thereby reducing storage costs and the risk of product damage. This efficiency in inventory management allows the company's cash flow to remain smooth and operating costs can be reduced, ultimately contributing positively to profit margins and overall profit growth.

### **Simultaneous Influence of ROA, ROE, TATO, and ITO**

Collectively, these four ratios have proven to have a significant effect on the profit growth of companies in the food and beverage sub-sector on the IDX. This shows that profit growth is not influenced by a single factor, but rather is the result of a synergy between the effectiveness of asset use, capital strength, speed of activity turnover, and stock management agility. These results provide a comprehensive picture for management that to maintain a positive trend of profit growth, the company must integrate operational efficiency policies with the management of a sound capital structure.

## **CONCLUSION**

This study concludes that partially, the variable profitability ratio projected through Return On Assets (ROA) and Return On Equity (ROE) has a crucial role in determining the direction of profit growth of food and beverage companies. A high rate of return on assets indicates the efficiency of management in operating all its resources, while a stable return on equity reflects the effectiveness of its own use of capital in creating added value. This strengthens the Signaling Theory, where a positive profitability ratio is a strong signal to investors regarding the company's bright future prospects.

Furthermore, operational efficiency as measured through Total Assets Turnover (TATO) and Inventory Turnover (ITO) also contributed significantly to profit fluctuations. The speed of turnover of all assets in generating sales and effective inventory management has proven to be able to minimize storage costs and prevent idle assets. Within the framework of Resource-Based Theory (RBT), the company's ability to optimize internal resource turnover is a strategic capability that encourages the creation of competitive advantages, which directly impacts on increasing net profit consistently.

Simultaneously, the combination of ROA, ROE, TATO, and ITO has proven to have a significant effect on profit growth in food and beverage sub-sector companies listed on the IDX for the 2019-2023 period. These findings indicate that profit growth does not depend on one financial aspect alone, but rather the result of an integration between profit-making ability and agility in managing operational assets. Therefore, for company management, maintaining a balance between the profitability ratio and the activity ratio is essential to deal with market uncertainty and ensure long-term business sustainability.

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