The Effect of Financial Ratio in Predicting Profit Growth in Transportation and Logistics Sector Companies

Israr Isnandar\textsuperscript{1*}, Mira\textsuperscript{1}, Wa Ode Rayyani\textsuperscript{1}

\textsuperscript{1}Universitas Muhammadiyah Makassar
Jl. Sultan Alauddin No. 295, Makassar
*Email: israrisnandar01@gmail.com

ABSTRACT
This study aims to examine the effect of the independent variables: CR, DAR, TAT, and ROA in predicting the profit growth of transportation and logistics sector companies listed on the Indonesia Stock Exchange. This study uses quantitative methods. The population in this study are all companies in the transportation and logistics sector which are listed on the Indonesia Stock Exchange, totaling 30 companies. The data collection technique used a purposive sampling technique and produced a sample of 15 transportation and logistics sector companies listed on the Indonesia Stock Exchange for 5 years so that the total sample used was 75 samples. The data analysis technique used in this study was multiple linear regression analysis which was processing using the Eviews 12 system. The results of this study indicate that the CR has no significant effect on profit growth. Meanwhile, DAR, TAT, and ROA have a significant influence on profit growth.

Keyword: Effect Of Financial Ratio, Logistics Sector
INTRODUCTION

The development of an economy is inseparable from the existence of dynamically growing industries. The industry is formed by companies that have a competitive advantage. The company's goal in general is to maximize operating profit with a view to maintaining the company's survival. The profit earned by the company becomes a factor in increasing the value of activities and decreasing the value of liabilities so that both directly and indirectly result in an increase in the value of equity that does not come from the contribution of investors. Profits earned by the company through transactions in one accounting period can be used as a reflection of the company's performance so that it is expected to increase each period so that the company can accelerate its growth. Investment decision-making is greatly influenced by profits because with earnings information, investors can make an assessment and determine the right steps in operating the company in the future.

Profit growth is an increase or decrease in profits generated by the company that occurs in each accounting period. Profit growth can be seen from the percentage change in profits generated by the company from the previous period in the financial statements. Future profit growth cannot be ascertained, so it is necessary to estimate the profit that will be achieved by the company in the coming period. There are two methods for predicting profit growth, namely the fundamental analysis method and the technical analysis method. The application of fundamental analysis can be said to be more accurate because this method of analysis emphasizes the use of historical company financial data as a whole to see the company's financial condition while technical analysis pays more attention to the graphs of the company's profit movements and ignores matters relating to the company's financial position. One method that has high effectiveness in fundamental analysis is to use financial ratios, because financial ratios cover most aspects of financial statements such as income statements and statements of financial position and can be used to provide an overview of the good or bad financial condition of a company.

Financial ratio analysis is a method that can be used to identify a company's financial capability. By calculating financial ratios, companies can find out the strengths and weaknesses associated with the company's financial condition. This can be used as one of the reasons for companies and investors to believe that financial ratios can be used to predict company profit growth.

The transportation and logistics sector is a business sector that is very useful in the life of society and the country. This business sector provides services for the transportation of people or goods through land, sea and air routes that make it easier for people to travel or deliver both domestic and international trips in a relatively short time. With an explanation like this, many business actors and investors have high interest and expectations in developing businesses in this sector. However, companies operating in this sector have enormous risks. In addition to the enormous funds needed for operational costs, business strategies that are not on target and external factors such as weather and epidemics can have a significant impact on a company.

Companies in the transportation and logistics sector in recent years have experienced a series of business problems. Starting from the emergence of the Covid-19 pandemic which caused a decrease in the number of passengers, to the emergence of a new Statement of Financial Accounting Standards (PSAK), namely PSAK 73 (Lease) which has been stipulated by the Financial Accounting Standards Board (DSAK) which became effective on January 1, 2020. The application of this reporting model causes significant changes to the
accounting records. In several transportation and logistics companies, swelling occurs in total liabilities and non-current assets while equity. This increase caused a chain reaction in the recording of the company's financial statements due to an increase in the depreciation expense of non-current assets and other financial expenses so that the company's profit experienced a significant deficit. The following is a graph of the movement of profits for companies in the transportation and logistics sector in Indonesia.

The development of companies in the transportation and logistics sector that emphasize fixed assets as their main source of income lies in how effectively and efficiently companies use their assets. Financial ratios related to assets are total asset turnover (TAT) and return on assets (ROA). Total asset turnover (TAT) is one of the activity ratios that relates the utilization of all company assets in generating operating income so that TAT can be used as a basis for measuring a company's ability to use its assets to generate income which indirectly impacts company profits. Meanwhile, return on assets (ROA) is one of the profitability ratios that directly measures a company's ability to utilize all of its assets to generate profit after tax. Apart from that, the current ratio (CR) and debt to assets ratio (DAR) which concern the issue of company liabilities are also very necessary in this study because companies can use CR to show how much short-term debt is guaranteed by current assets while DAR can show how much short-term debt is guaranteed by current assets. the amount of total assets is financed by total debt so that the company can determine the effectiveness of the use of debt and the efficiency of managing total assets with funds originating from creditors determines the company's ability to generate profits.

This research was conducted because from previous studies there were inconsistent results related to the variable current ratio, debt to assets ratio, total assets turnover, and return on assets on profit growth. In a study conducted to examine the effect of the current ratio, Yetty et al. (2018) states that the current ratio has a significant effect on profit growth, while Salmah & Emeila (2019) states that the current ratio has no significant effect on profit growth. In the case of the debt to assets ratio, Yahya (2018) states that the debt to assets ratio has a significant effect on profit growth, while Valerian & Kurnia (2018) states that the debt to assets ratio has no significant effect on profit growth. On the other hand, research related to the effect of total assets turnover, Susilawati (2018) concluded that total assets turnover had a significant effect on profit growth, while Suryadi (2020) concluded that there was no effect of total assets turnover on profit growth. And in research for return on assets, Sari & Idayati (2019) state that return on assets affects profit growth, while Suryadi (2020) states that return on assets does not affect profit growth.

METHOD

This type of research is a quantitative method with an explanatory approach that aims to analyze the influence of one variable on another or how a variable affects other variables. This study will use CR, DAR, TAT, and ROA as independent variables and profit growth as the dependent variable. The following are indicators used to measure the variables above:

1. Current Ratio (CR)

\[
Current \ Ratio = \frac{Current \ asset}{Current \ liabilities} \times 100\%
\]
2. Debt to Assets Ratio (DAR)
   \[ Debt to Assets Ratio = \frac{Total \ liabilities}{Total \ assets} \times 100\% \]

3. Total Assets Turnover (TAT)
   \[ Total \ Assets \ Turnover = \frac{Net \ sales}{Total \ Assets} \]

4. Return on Assets (ROA)
   \[ Return \ on \ Assets = \frac{Earn \ After \ Tax}{Assets} \times 100\% \]

5. Profit Growth (Y)
   \[ Y = \frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100\% \]

This research was conducted on companies engaged in the transportation and logistics sector listed on the Indonesia Stock Exchange (IDX) in the 2017-2021 period. The required data can be accessed through the website www.idx.co.id. This research was conducted from September – October 2022.

The population in this study were 30 companies engaged in the transportation and logistics sector which were listed on the Indonesia Stock Exchange. This research uses panel data analysis to identify the annual financial reports (time series) of the companies that are the research sample (cross section). The method used in this study in determining the sample is by using purposive sampling method, namely the sample chosen deliberately from the population studied. The criteria for determining the sample in collecting research data are:

1. Companies operating in the transportation and logistics sector in Indonesia which are listed on the Indonesia Stock Exchange from 1 January 2016 to 31 August 2022.
2. Annual financial reports for 5 consecutive years from 2017 to 2021.
3. The company has complete data on profit growth, CR, DAR, TAT, and ROA.

The data analysis used in this study is multiple linear regression analysis which is calculated using the help of Eviews software. Multiple linear regression analysis was used with the aim of measuring the influence of the independent variable (X) on the dependent variable (Y). The method used in this research is descriptive statistical test method, classical assumption test, multiple linear regression analysis, and hypothesis testing. The multiple linear regression equation is:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Information:

- \( Y \) = Profit Growth
- \( \alpha \) = Constant
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Regression Coefficient
- \( X_1 \) = Current Ratio (CR)
- \( X_2 \) = Debt to Assets Ratio (DAR)
- \( X_3 \) = Total Assets Turnover (TAT)
- \( X_4 \) = Return on Assets (ROA)
- \( \epsilon \) = Error
RESULT AND DISCUSSION

Based on data obtained from the IDX website http://www.idx.co.id, the population of transportation and logistics sector companies registered during 2016-2022 totaled 30 companies, after determining the number of samples using the purposive sampling method, the number of samples used in this study as many as 15 companies. The data panel used is balanced data where each time period observation has the same number of companies, so there are 75 observational data for the 2017-2021 observation period.

Descriptive Statistics Test

This analysis explains descriptively the variables used in this study, including the independent variables namely current ratio (CR), debt to assets ratio (DAR), total assets turnover (TAT), and return on assets (ROA) as well as the dependent variable namely profit growth. This descriptive statistical test aims to determine the distribution of research data while at the same time providing an overview or description of a data by calculating the minimum value, maximum value, mean value and standard deviation. The results of the descriptive statistical test analysis are as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Y</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>-14.65800</td>
<td>1.214533</td>
<td>2.624800</td>
<td>0.577067</td>
<td>0.028800</td>
</tr>
<tr>
<td>Median</td>
<td>-0.310000</td>
<td>0.580000</td>
<td>1.730000</td>
<td>0.460000</td>
<td>0.000000</td>
</tr>
<tr>
<td>Maximum</td>
<td>16.500000</td>
<td>7.200000</td>
<td>13.340000</td>
<td>2.570000</td>
<td>2.070000</td>
</tr>
<tr>
<td>Minimum</td>
<td>-585.5800</td>
<td>0.030000</td>
<td>0.320000</td>
<td>0.000000</td>
<td>-0.660000</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>80.99395</td>
<td>1.515083</td>
<td>2.450557</td>
<td>0.450474</td>
<td>0.296853</td>
</tr>
<tr>
<td>Skewness</td>
<td>-6.116581</td>
<td>2.459073</td>
<td>2.114916</td>
<td>1.912114</td>
<td>4.403487</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-40.14317</td>
<td>8.871344</td>
<td>7.684292</td>
<td>7.603039</td>
<td>34.99442</td>
</tr>
<tr>
<td>Jaque-Bera</td>
<td>4778.954</td>
<td>183.3151</td>
<td>124.4815</td>
<td>111.9147</td>
<td>3441.369</td>
</tr>
<tr>
<td>Probability</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
</tr>
<tr>
<td>Sum</td>
<td>-1099.350</td>
<td>91.09000</td>
<td>196.8600</td>
<td>43.28000</td>
<td>-2.160000</td>
</tr>
<tr>
<td>Sum Sq. Dev.</td>
<td>458441.5</td>
<td>169.8653</td>
<td>444.3871</td>
<td>15.01655</td>
<td>6.520992</td>
</tr>
</tbody>
</table>

Source: Author’s compilation

Based on Table 1, it can be seen that the lowest, highest, and average values of the variables studied in the transportation and logistics sector companies listed on the Indonesia Stock Exchange in 2017-2021 totaled 75 observations.

Classic Assumption Test

Normality test

The normality test is used to determine in the regression model the related variables and the independent variables have a normal data distribution or not. In this study, the regression analysis model used was the histogram and the Jarque-Bera test. The results showed that the residual value was > 0.05, so the residual data was normally distributed. Vice versa, if the residual value is <0.05, the residual data is not normally distributed. The results of the normality test can be seen below.
Based on the picture above, it can be seen that the results of the normality test for the probability value are obtained at 0.659401 > 0.05. So it can be concluded that the residual values are normally distributed.

**Multicollinearity Test**

The multicollinearity test aims to test whether the regression model finds a correlation between the independent variables or not. A good model should not have a high correlation between the independent variables, to detect whether or not multicollinearity symptoms can be seen from the Tolerance and Variance Factor (VIF) values. A regression model can be said to be free from multicollinearity if the tolerance value is above 0.10 and VIF is below 10. In addition, an indication of multicollinearity is a correlation value that exceeds 0.8.

**Table 2. Multicollinearity Test**

<table>
<thead>
<tr>
<th></th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>1.000000</td>
<td>0.632653</td>
<td>-0.138579</td>
<td>0.572644</td>
</tr>
<tr>
<td>X2</td>
<td>0.632653</td>
<td>1.000000</td>
<td>-0.197248</td>
<td>0.326425</td>
</tr>
<tr>
<td>X3</td>
<td>-0.138579</td>
<td>-0.197248</td>
<td>1.000000</td>
<td>-0.016016</td>
</tr>
<tr>
<td>X4</td>
<td>0.572644</td>
<td>0.326425</td>
<td>-0.016016</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

**Source:** Author’s compilation

Based on the table above, the correlation value is obtained for the current ratio with a debt to assets ratio of 0.632653 < 0.80, the current ratio with total assets turnover of -0.138579 < 0.80, the current ratio with return on assets of 0.572644 < 0.80, debt to assets ratio with total assets turnover of -0.197248 < 0.80, debt to assets ratio with return on assets of 0.326425 < 0.80, and total assets turnover with return on assets of -0.016016 < 0.80. Based on the correlation value, there are no symptoms of multicollinearity.

**Heteroscedasticity Test**

The heteroscedasticity test was carried out to find out whether in a regression model there is an unequal variance of the residuals between one observation and another. If the variance value of each independent variable is significant at the error level of 5% or 0.05, it indicates that there is heteroscedasticity.
Based on the table above, the equation $du < d < 4 - dl$ is $1.7390 < 1.943698 < 2.4849$, where the dw value lies between the $du$ value (upper limit) and the $dl$ value (lower limit), indicating no autocorrelation.

Based on the obtained DW value of 1.943698, to find out more about the results of the analysis, it is necessary to know that if $d < or d > 4-dl$ then there is autocorrelation, and if $dl < dw < du or 4 – du < dw < 4-dl$ then it has no autocorrelation.

Based on the table above, it can be seen that the results of the Heteroscedasticity test show that all independent variables have probability values of 0.8384, 0.3711, 0.2841, and 0.9442 (probability > 0.05), which means that there is no heteroscedasticity in this research data. in this regression model.

**Autocorrelation Test**

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period $t$ and the confounding errors in the $t-1$ (previous) period (Ghozali, 2011). Following are the results of research analysis with the following table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Sdt. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.997415</td>
<td>0.184752</td>
<td>-5.398682</td>
<td>0.0000</td>
</tr>
<tr>
<td>X1</td>
<td>-0.030240</td>
<td>0.073738</td>
<td>-0.410105</td>
<td>0.6835</td>
</tr>
<tr>
<td>X2</td>
<td>0.132923</td>
<td>0.039937</td>
<td>3.328299</td>
<td>0.0017</td>
</tr>
<tr>
<td>X3</td>
<td>0.386504</td>
<td>0.189232</td>
<td>2.042492</td>
<td>0.0465</td>
</tr>
<tr>
<td>X4</td>
<td>-1.889419</td>
<td>0.307895</td>
<td>-6.136575</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

**Source:** Author’s compilation

Based on the obtained DW value of 1.943698, to find out more about the results of the analysis, it is necessary to know that if $d < or d > 4-dl$ then there is autocorrelation, and if $dl < dw < du or 4 – du < dw < 4-dl$ then it has no autocorrelation.
then the autocorrelation coefficient is zero so that concluded that there is no autocorrelation in the regression model used in this study.

**Multiple Linear Regression Test**

The results of multiple linear regression analysis tests in this study can be seen in the table below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Sdt. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.997415</td>
<td>0.184752</td>
<td>-5.398682</td>
<td>0.0000</td>
</tr>
<tr>
<td>X1</td>
<td>-0.030240</td>
<td>0.073738</td>
<td>-0.410105</td>
<td>0.6835</td>
</tr>
<tr>
<td>X2</td>
<td>0.132923</td>
<td>0.039937</td>
<td>3.328299</td>
<td>0.0017</td>
</tr>
<tr>
<td>X3</td>
<td>0.386504</td>
<td>0.189232</td>
<td>2.042492</td>
<td>0.0465</td>
</tr>
<tr>
<td>X4</td>
<td>-1.889419</td>
<td>0.307895</td>
<td>-6.136575</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

**Hypothesis Testing**

**Partial Test (Uji t)**

Partial test (t test) is used to determine whether partially the variable current ratio, debt to assets ratio, total assets turnover, and return on assets affect profit growth. Then used the t test with a significance level of 0.05. The results of the t (partial) test can be seen in the table below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Sdt. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.997415</td>
<td>0.184752</td>
<td>-5.398682</td>
<td>0.0000</td>
</tr>
<tr>
<td>X1</td>
<td>-0.030240</td>
<td>0.073738</td>
<td>-0.410105</td>
<td>0.6835</td>
</tr>
<tr>
<td>X2</td>
<td>0.132923</td>
<td>0.039937</td>
<td>3.328299</td>
<td>0.0017</td>
</tr>
<tr>
<td>X3</td>
<td>0.386504</td>
<td>0.189232</td>
<td>2.042492</td>
<td>0.0465</td>
</tr>
<tr>
<td>X4</td>
<td>-1.889419</td>
<td>0.307895</td>
<td>-6.136575</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

Based on the table above, the interpretation of the (partial) t test in this study is as follows:

1. Testing the first hypothesis, testing this hypothesis is done by testing the significance and regression coefficient of the current ratio variable. The first hypothesis of this study states
that the current ratio has a significant effect on profit growth. The probability value of the current ratio is 0.6835. Prob value, greater than the probability value of 0.05 or the value of 0.6835 > 0.05 so it can be concluded that the current ratio has no significant effect on profit growth, meaning that the hypothesis in this study is rejected.

2. Testing the second hypothesis, testing this hypothesis is done by testing the significance and regression coefficient of the variable debt to assets ratio. The second hypothesis of this study states that the debt to assets ratio has a significant effect on profit growth. The probability value of the debt to assets ratio is 0.0017. Prob value, smaller than the probability value of 0.05 or the value of 0.0017 <0.05 so it can be concluded that the debt to assets ratio has a significant effect on profit growth, meaning that the hypothesis in this study is accepted.

3. Testing the third hypothesis, testing this hypothesis is done by testing the significance and regression coefficient of the total assets turnover variable. The third hypothesis of this study states that the debt to assets ratio has a significant effect on profit growth. The probability value of total assets turnover is 0.0465. Prob value, smaller than the probability value of 0.05 or the value of 0.0465 <0.05 so it can be concluded that total assets turnover has a significant effect on profit growth, meaning that the hypothesis in this study is accepted.

4. Testing the fourth hypothesis, testing this hypothesis is done by testing the significance and regression coefficient of the return on assets variable. The fourth hypothesis of this study states that return on assets has a significant effect on profit growth. The magnitude of the probability value of return on assets is 0.0000. Prob value, smaller than the probability value of 0.05 or the value of 0.0000 <0.05 so it can be concluded that the return on assets has a significant effect on profit growth, meaning that the hypothesis in this study is accepted.

**Determination Coefficient Test (R²)**

Determination coefficient test (R²) is used to measure how far the ability of the independent variables influences the dependent variable. The following table test the coefficient of determination:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Sdt. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.997415</td>
<td>0.184752</td>
<td>-5.398682</td>
<td>0.0000</td>
</tr>
<tr>
<td>X1</td>
<td>-0.030240</td>
<td>0.073738</td>
<td>-0.410105</td>
<td>0.6835</td>
</tr>
<tr>
<td>X2</td>
<td>0.132923</td>
<td>0.039937</td>
<td>3.328299</td>
<td>0.0017</td>
</tr>
<tr>
<td>X3</td>
<td>0.386504</td>
<td>0.189232</td>
<td>2.042492</td>
<td>0.0465</td>
</tr>
<tr>
<td>X4</td>
<td>-1.889419</td>
<td>0.307895</td>
<td>-6.136575</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

R-squared: 0.541955
Adjusted R-squared: 0.504564
S.E. of regression: 0.616269
Sum squared resid: 18.60959
Log likelihood: -47.85939
F-Statistic: 14.49411

Mean dependent var: 0.541955
S.D. dependent var: 0.616269
Akaike info criterion: 1.957755
Schwarz criterion: 2.141920
Hanna-Quinn criter.: 2.028780
Dubin-Watson stat: 1.943698
Based on the results of calculations using the Eviews program, the Adjusted R Square value is 0.541955 or 54.19%, which means that the contribution of the current ratio, debt to assets ratio, total assets turnover, and return on assets to profit growth is 54.19%. While the remaining 45.81% is influenced by other factors not included in this study.

**DISCUSSION**

**Effect of Current Ratio (CR) on Profit Growth**

Based on the tests that have been done, it can be concluded that the current ratio has a negative and insignificant effect on the profit growth of transportation and logistics sector companies listed on the Indonesia Stock Exchange, or the first hypothesis (H1) is rejected. This shows that the company's ability to fulfill its short-term obligations does not guarantee the availability of working capital that can support the company's operational activities, so that the profit to be achieved is not as expected and not optimal. The large transaction value and turnover in the company's operational activities is a factor in the lack of current ratio participation in affecting the company's profit growth so that the company is still unable to control earnings even though the company is able to reduce additional expenses such as interest and installments caused by current liabilities. Even so, companies can take advantage of the current ratio to control costs caused by current liabilities so as to reduce the decline in profit growth. The results of this study are supported by research from Salmah & Ermeila (2019) and research by Valerian & Kurnia (2018) which states that the current ratio has no significant effect on profit growth. The higher the current ratio, it indicates that the company has current assets that are greater than current liabilities so that it has sufficient working capital for its operational activities.

**Effect of Debt to Assets Ratio (DAR) on Profit Growth**

Based on the tests that have been done, it can be concluded that the debt to assets ratio has a positive and significant effect on the profit growth of companies in the transportation and logistics sector listed on the Indonesia Stock Exchange, or the second hypothesis (H2) is accepted. This shows that the use of long-term loans used to invest in assets plays an important role in influencing the company's profit curve. A high debt to asset ratio indicates a large opportunity for a company to develop because more and more assets can be used to generate profits. The results of this study are supported by research from Sari & Idayati (2019) and Susilawati (2018) which states that the debt to assets ratio has a significant effect on profit growth. A high debt to assets ratio indicates a high level of corporate debt in an effort to procure company assets. Making loans or procuring assets on credit aims to increase the company's opportunities to generate profits. With good management, managing these assets can generate greater profits.

**Effect of Total Assets Turnover (TAT) on Profit Growth**

Based on the tests that have been carried out, it can be concluded that total assets turnover has a significant effect on the profit growth of transportation and logistics sector companies listed on the Indonesia Stock Exchange, or the third hypothesis (H3) is accepted. This indicates that operating income generated from the utilization of total assets in the transportation and logistics sector has a significant contribution in influencing profit growth. The deteriorating condition of profit growth for companies in the transportation and logistics sector...
sector in recent years can be attributed to the efficient utilization of fixed assets in operational activities. Calculation of the ratio regarding fixed assets can be used to see the estimation of the maximum utilization that can be done by the company so that it can generate more income. The results of this study are supported by research from Salmah & Ermeila (2019) which states that total assets turnover has a significant effect on profit growth. The higher the value of total assets turnover indicates that management in the use of total assets by the company is more efficient in increasing sales or operating income which is one of the main components of the company in generating profits.

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

Based on the tests that have been done, it can be concluded that the return on assets has a negative and significant effect on the profit growth of transportation and logistics sector companies listed on the Indonesia Stock Exchange, or the fourth hypothesis (H4) is accepted. This shows that the level of efficiency in using company assets can generate company profits. However, the management of asset utilization by the company is less than optimal. Companies can pay more attention to financial analysis related to fixed assets to get a break-even point and estimate maximum profit so as to increase the company's profit growth. The results of this study are supported by research from Sari et al. (2017) which states that return on assets has a significant effect on profit growth. The higher the value of return on assets indicates that the use of total assets by the company is more efficient in increasing net profit. But in this case, the company is less efficient in processing its assets. Making the right decisions in handling fixed assets can improve the company's performance in obtaining profits so that it will be a positive signal for investors to be able to invest their capital because the rate of return on investment is getting bigger.

**CONCLUSION**

Based on the results of the research and discussion in the previous chapter, this study aims to examine the effect of the current ratio, debt to assets ratio, total assets turnover, and return on assets on profit growth in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period. Based on the results of the study it can be concluded as follows: The first hypothesis "current ratio affects profit growth" is rejected. The regression coefficient value is -0.030240 with a probability level of 0.6835 where the prob. greater than the value of 0.05 or 0.6835 > 0.05, which means that the current ratio has a negative and insignificant effect on profit growth in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

The second hypothesis "debt to assets ratio affects profit growth" is rejected. The regression coefficient value is 0.132923 with a probability level of 0.0017 where the prob. smaller than the value of 0.05 or 0.0017 < 0.05, which means that the debt to assets ratio has a positive and significant effect on profit growth in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

The third hypothesis "total assets turnover affects profit growth" is accepted. The regression coefficient value is 0.386504 with a probability level of 0.0465 where the prob. smaller than the value of 0.05 or 0.0465 < 0.05, which means that total assets turnover has a positive and significant effect on profit growth in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

The fourth hypothesis "return on assets affects profit growth" is accepted, the regression coefficient value is -1.889419 with a probability level of 0.0000 where the prob.
smaller than the value of 0.05 or 0.0000 <0.05, which means that the return on assets has a negative and significant effect on profit growth in transportation and logistics sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period.

REFERENCES
Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”


