

The Effect of Profitability, Liquidity, and Leverage on Profit Growth with Managerial Ownership as a Moderating Variable in Automotive and Component Companies Listed on the Indonesia Stock Exchange

Mutiara Pulungan¹, Azhar Maksum², Tarmizi³

^{1,2,3}Department of Accounting, Faculty of Economics and Business Universitas Sumatera Utara, Indonesia

Corresponding Author: Mutiara Pulungan

DOI: <https://doi.org/10.52403/ijrr.20230290>

ABSTRACT

This study aims to determine and analyze the effects of profitability, liquidity, and leverage on profit growth with managerial ownership as a moderating variable in automotive companies and components listed on the Indonesia Stock Exchange. Research Period 2017-2021, there are 12 companies. This type of research is causal associative. The population in this study is Automotive companies and components listed on the Indonesia Stock Exchange. The sampling method is a census, so the number of samples used is 60 research sample data. The data analysis method uses SPSS 23. The results showed that profit growth while liquidity and leverage had no significant effect on profit growth in automotive companies and components listed on the Indonesia Stock Exchange. Profitability, liquidity, and leverage significantly affect profit growth in automotive companies and components listed on the Indonesia Stock Exchange. Managerial ownership can moderate the relationship between profitability, to profit growth. In contrast, managerial ownership cannot moderate the relationship between liquidity and leverage on profit growth in automotive companies and components listed on the Indonesian Stock Exchange.

Keywords: Profitability, Liquidity, Leverage, Profit growth, Managerial Ownership

INTRODUCTION

The development of the increasingly competitive business world demands that

every company can process and implement company management to be more professional. This is due to the emergence of competitors in the business world with a large amount, both domestic and foreign competitors, resulting in every company trying to continue to improve the company's good performance for the existence and survival of the company.

The company's success can be measured based on the company's capabilities reflected in its management performance. One of the company's performance parameters is often used as profit. It is undeniable that profit growth must be balanced with the company's financial performance. One of the most used financial analysis tools is financial ratios. The financial ratio compares the number of estimates in the balance sheet and income statement. Comparison between one estimate and another must be interconnected so that the results can be interpreted to determine the financial condition and company performance. The results of the calculation of financial ratios must be compared with previous years or with an industrial average. The information in the income statement and its components measured by the accrual accounting system provide a good indication of the company's performance. Besides that, the nature of the time series (time series) provides an implementation of earnings changes and a serial correlation. This means

that the previous period of the profit period time tends to experience changes in future profits.

Domestic car sales recorded 340% annually in July 2021 to 66,639 units compared to July 2020, as many as 15,145 units. In August, car sales are predicted to rise because starting in September-December, the PPnBM discount is only 25%. Until the end of 2021, the car sales target was still set at 750,000 units, higher than the realization of 202,0, which was 532,000 units. Cumulatively, car sales for the January-July 2021 period grew 60% (yoy) to 460,000 units. An impressive increase in the low composition base in the 2020 pandemic period.

Seen from the Indonesian economy quarter II-2021 compared to the II-2020 quarter grew 7.07% (yoy). Growth occurs in all business fields. The business field that experienced significant growth was transportation and warehousing at 25.10% and providing accommodation and eating drinks at 21.58%. While the manufacturing industry, which has a dominant role, also grows by 6.58%. Its connection with the three significant growing business fields signals that the automotive sector is increasing. Specifically, the structure of the Indonesian economy in the second quarter of 2021 was dominated by provincial groups in Java, contributing to the Gross Domestic Product (GDP) of 57.92% and followed by the island of Sumatra at 21.73%, Kalimantan at 8.21%, Sulawesi at 6.88%, and Bali with Nusa Tenggara at 2.85%. The Maluku and Papua Islands are 2.41%. Economic improvement occurs in all island groups, with different levels of growth. In quarters II-2021, the Maluku and Papua Island groups experienced the highest growth of 8.75% (yoy). Followed by Sulawesi at 8.51%, Java at 7.88%, Kalimantan at 6.28%, Sumatra at 5.27%, and the island of Bali and Nusa Tenggara at 3.70%.

Automotive producers and distributors can be intelligent and careful in aiming to market their products to provinces with good economic growth, especially those equal to

or exceeding national economic growth (kontan.co.id. 2021).

Over the past year until September 2019 (per quarter III-2019), the profit of one of the automotive market leaders in the country, PT Astra International Tbk (ASII), reached Rp 15.87 trillion, down 7.03% from the same period the previous year amounting to Rp. 17.07 trillion. The achievement of this net profit occurs amid an increase in one-digit company revenue. In that period, the Astra Group's parent revenue only rose 1.24% to Rp 177.04 trillion, from the same period last year, Rp 174.88 trillion.

From this sale, the biggest revenue from the sale of goods of Rp The first semester of 2019 was influenced by sluggish domestic consumption and the trend of decreased commodity prices, but also benefited from improving the performance of the newly acquired financial services and contribution business, "Astra Priyono Sugiarto's President Director said in an official statement.

The subsidiary, PT Astra Otoparts Tbk (Auto), managed to record a 24% double-digit net profit growth from Rp 414.16 billion to Rp 512.26 billion as of September 2019, although, on the top line, the income only grew more to Rp. 11.63 trillion from Rp 11.50 trillion. Astra competitor, PT Indomobil Sukses International Tbk (IMAS), also posted a net profit of Rp328.3 billion as of September 2019, skyrocketing 302.23% annually compared to the same period in 2018, which was Rp81.62 billion. Based on the published financial statements, Indomobil International Success was recorded to pocket revenue worth Rp 14.73 trillion throughout January 2019-September 2019, up 11.33% compared to the same period in 2018, Rp13.32 trillion. (www.cnbcindonesia.com, 2021).

The amount of public interest in automotive products can be seen by increasing consumer demand every year for both automotive products of four-wheeled and two-wheeled vehicles. So that every automotive industry company will be required to increase its production every year to meet consumer

demand, even every company must have set a target to increase sales every year. The increasing seller of sellers in the automotive industry sector dramatically influences the existing component industry because automotive producers mostly absorb the current component industry in Indonesia, so the automotive industry and components have a very close relationship. In other words, the increase in sales will directly impact the profits earned by the company. The following is the profit growth of several automotive companies and components listed on the Indonesia Stock Exchange:

Table 1. Profit Growth for Automotive and Component Companies Listed on The IDX From 2017-2019

Company Name	2017	2018	2019
Astra Internasional Tbk	0.02	0.01957	0.00771
Goodyear Indonesia Tbk	0.02	-0.11891	0.40039
Gajah Tunggal Tbk	0.89	0.89372	1.242732
Indomobil Sukses International Tbk	0.31	0.30915	0.89198

Source: www.idx.co.id, data processed

Based on Table 1 above, Astra International Tbk had a profit growth of 0.02% in 2017, while in 2018 recorded a profit growth of 0.01957%. In 2019, the profit decreased by 0.00771% again. Goodyear Indonesia Tbk in 2017 had a profit growth of 0.02%, while 2018 recorded a loss of -0.11891%. In 2018 again, the increase in profit increased to 0.40039%. Tungal Tbk Elephant in 2017 profit growth of 0.89%, while in 2018, it recorded a profit growth of 0.89372%. In 2019, the profit rise to 1,242732% again. Indomobil Success International Tbk in 2017 had a profit growth of 0.31%, while in 2018 recorded a profit growth of 0.30915%. In 2019, the profit rise to 0.89198% again.

Based on the description and phenomenon that have been stated above and the inconsistency of the results of previous research, the author is interested in conducting further research with the title "The Effect of Profitability, Liquidity, and Leverage on Profit Growth with Managerial Ownership as Moderating Variables in Automotive Companies and Components Listed on the Indonesia Stock Exchange.

LITERATURE REVIEW

Profit Growth

According to Harahap (2015), profit growth is a ratio that shows the company's ability to increase net profit compared to the previous year. One of the main objectives of the company is to obtain maximum profit. Profit is a critical indicator for companies to determine management performance. Every company wants profit growth. Profit growth can be an indicator of measuring management success in managing resources owned by the company effectively and efficiently. Meanwhile, according to Hanafi & Halim (2018), earnings growth is an increase in profit or decreased earnings annually expressed in percentage.

Profit growth is a change in the percentage of increase in profit obtained by the company (Hapsari et al., 2017). Profit growth will show that the company is in good financial condition, which will ultimately increase the company's value. Profit growth is also a measure of the performance of a company. The higher the company's profit, the better the company's performance. Profit growth is an increase in profits obtained by the company compared to the previous year (Mahaputra, 2012).

Thus, knowing the profit growth obtained by the company is very important for users of financial statements because by knowing profit growth, they can determine whether there is an increase or decrease in a company's financial performance. Angkoso (2006) states that several factors influence profit growth, including the amount of company, company age, leverage level, sales level, and changes in past earnings. Profit growth shows how well the company carries out business plans and strategies and establishes the operating mix. Continuous profit growth increases from year to year can provide a positive signal about future company prospects about company performance.

Good company profit growth reflects that a company's performance is also good because profit is a measure of the performance of a company.

Profit growth in this study was calculated from the difference in the amount of operating profit in the year concerned with the previous year's previous year operating profit divided by the total operating profit of the previous year with a ratio scale. In Yohanas's research (2014) Growth of Profit can be measured using the following formula:

$$\Delta Y_n = \frac{(Y_{it} - Y_{it-1})}{Y_{it-1}}$$

Information:

ΔY_n = Change in profit in a certain period.

Y_{it} = company profit in a certain period.

Y_{it-1} = Company profit in the previous period.

Profitability

Gitman (2015) states that profitability is the relationship between income and costs generated by operating company assets smoothly and permanently.

Profitability affects growth through assets owned. The higher the level of profitability of a company, can increase in the growth of these assets. Profitability has a significant effect on the growth of assets. When the profitability has increased, asset growth also increases so that with the company's faster growth, its ability to obtain profits will also be high, which means that the profitability assessment is also high.

Prihatni's (2019) research showed that ROA positively affected the company's profit growth. The results of this study are in line with Ummah (2014). While the results of this study are not in line with research conducted by Shu et al. (2020) state, ROA has no effect on profit growth in the company.

This study's profitability is proxied by ROA (Return on Asset). This ratio illustrates the success of management in generating overall profits by comparing profit before tax with total assets. ROA also describes the turnover of assets measured by the sales volume. The greater the company's ROA, the greater the level of profit achieved by the company and the better the company's position is from using assets. The smaller this ratio indicates the lack of company management capability in terms of managing assets to increase income and reduce costs. ROA is a ratio that shows the management's ability to increase company profits and assess its management's ability to control costs. In other words, it can describe the bank's productivity.

$$ROA = \frac{\text{Nett Profit}}{\text{Total Assets}} \times 100 \%$$

Liquidity

According to Munawir (2019), "Liquidity is the ability of a company to fulfill financial obligations that must be met immediately, or the company's ability to fulfill financial obligations when billed." Companies that can fulfill their financial obligations on time mean that the company is in a liquid state. The company is said to be able to fulfill financial obligations on time if the company has a payment or current asset greater than the current or short-term debt. Conversely, if the company cannot immediately fulfill its financial obligations when billed, it is in a state of the science.

The results of research conducted by Wibisono (2016) and Sihura & Gaol (2016) shows that the liquidity proxied by the current ratio affects earnings growth. However, the results of this study are not in line with Mas'ulah's (2016) research that states that it does not affect profit growth.

In this study, the liquidity ratio was proxied into a Cash Ratio (CR) which

shows the extent to which current assets fulfill current obligations. The greater the comparison of current assets with current debt, the higher the company's ability to cover its short-term obligations. The cash ratio can be said to measure the level of security (margin of safety) of a company if a low cash ratio can be said that the company lacks the capital to pay debts; however, if the results of the measurement of the high ratio have not been said that the company's condition is good and has not guaranteed that the company's debt will be paid due to the proportion or distribution of unfavorable current assets.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}} \times 100\%$$

Leverage

Fahmi (2017) states, "The leverage ratio measures how much the company is funded by debt. The use of too high debt will endanger the company because the company will be included in the category of extreme leverage (extreme debt), and the company is trapped in a high level of debt. It is difficult to release the debt burden".

The leverage ratio that is the focus of this research is the debt-to-equity ratio (DER) shown to compare the number of funds provided. The ratio, the higher the level of funding provided by the owner, and the greater the security limit for the borrower if there is a loss or depreciation of the asset value, which will affect earnings growth. Companies with a high debt-equity ratio indicate that companies use more debt to meet their operational activities. The use of debt by companies needs to improve. Companies that use the composition of debt too high indicate that the company has yet to be able to finance its assets from the results of its operations (Yohanes, 2014).

The results of research by Nugroho et al. (2017) and Margareth (2016) show that Leverage affects earnings growth.

However, the results of this study differ from Fitriano & Dini (2016), leverage does not affect profit growth.

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

Managerial Ownership

According to Sutedi (2012), managerial ownership is the manager's ownership of the company's shares. In other words, the manager is also the same as a shareholder. By increasing the proportion of managerial share ownership, a company's performance will also be better. Therefore, by increasing managerial share ownership, the position between managers and shareholders will be parallel because the manager also feels the direct benefits of the decisions taken, so the manager will be motivated to improve the quality of the company's performance and realize the interests of shareholders and company goals and the company's goals namely in increasing profit and eventually it will increase the trust of the investor (Tukimin, 2015).

Managerial ownership is measured by the proportion of shares owned by the company at the end of the year and is stated in the percentage (Suryantini, 2016). The greater the managerial ownership in the company, the more actively the management will try to benefit shareholders who incidentally are their own. The proxy for managerial ownership uses the percentage of ownership of managers, commissioners, and directors of the total.

Shares circulating (Pujiati, 2015). The formula calculates managerial ownership:

$$\text{MNR} = \frac{\text{Number of shares of directors, commissioners and managers}}{\text{Number of outstanding shares}}$$

This study's results align with Bangun's research (2018), which states that managerial ownership can moderate the

relationship between financial ratios and earnings growth. This study's results differ from Tukimin's research (2015).

Framework

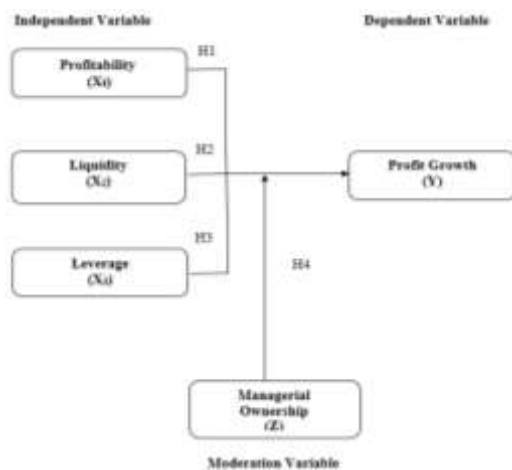


Figure 1. Framework

H1: Profitability has a positive effect on profit growth

H2: Liquidity has a positive effect on profit growth

H3: Leverage has a positive effect on profit growth

H4: Managerial ownership can moderate the relationship between liquidity, leverage profitability, and profit growth.

MATERIALS & METHODS

The type of research conducted is associative research causality. According to Umar (2013), "Causal Associative Research " aims to analyze the relationship between one variable and another variable or how a variable affects other variables. This study analyzes the effect of profitability, liquidity, and leverage on profit growth with managerial policy as a moderating variable in automotive companies and components listed on the Indonesia Stock Exchange.

According to Sugiyono (2017), the population is a generalization area consisting of objects/subjects with specific qualities and characteristics determined by researchers to be studied and then concluded. The population in this study

were all automotive companies and components listed on the Indonesia Stock Exchange during 2017-2021, totaling 12 companies.

The sample is part of the number and characteristics possessed by the population (Sugiyono, 2017). This study used the census method, namely, all population members to sample. Thus the sample in this study amounted to 12 companies.

Table 2. List of Population and Sample

No	Company	Code
1	Astra Internasional Tbk	ASHI
2	Astra Otoparts Tbk	AUTO
3	Indo Kordsa Tbk	BRAM
4	Gajah Tunggal Tbk	GJTL
5	Indomobil Sukses International Tbk	IMAS
6	Indospring Tbk	INDS
7	Multi Prima Sejahtera Tbk	LPIN
8	Multistrada Arah Sarana Tbk	MASA
9	Nipress Tbk	NIPS
10	Prima Alloy Steel Tbk	PRAS
11	Selamat Sempurna Tbk	SMSM
12	Goodyear Indonesia Tbk	GDYR

Source: www.sahamok.com, in Access 2019

This research spans 5 years, namely 2017 to 2021, so the number of observations is 12 companies x 5 years = 60 units of analysis of observations of Automotive and Component companies that publish financial reports on the IDX.

RESULT

A. Data Analysis

Classic Assumption Test

1. Normality Test

Table 3. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.85862891
	Most Extreme Differences	
	Absolute	.047
	Positive	.047
	Negative	-.038
Test Statistic		.047
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: SPSS output, data processed in 2022

The normality test aims to test whether the dependent variable is normally distributed, namely using the Kolmogorov-Smirnov (K-S) statistical test. by making a hypothesis:

H0: Residual data is normally distributed.
 H1: Residual data is not normally distributed.
 If the significance value is < 0.05 , then H0 is rejected, whereas if the significance value is > 0.05 , H0 is accepted.
 The results of the Kolmogorov-Smirnov analysis show that the significance value is > 0.05 , which is 0.200, so the data is normally distributed.

2. Autocorrelation Test

This autocorrelation test is intended to determine whether there is a correlation between the observed data. Whether there is autocorrelation in this study is detected by using the Durbin-Watson test. The steps that must be taken to produce the Durbin-Watson coefficient values using SPSS 22 are as follows:

Table 4. Autocorrelation Test Results

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.553 ^a	.306	.269	1.10596	1.551

a. Predictors: (Constant), x3, x1, x2

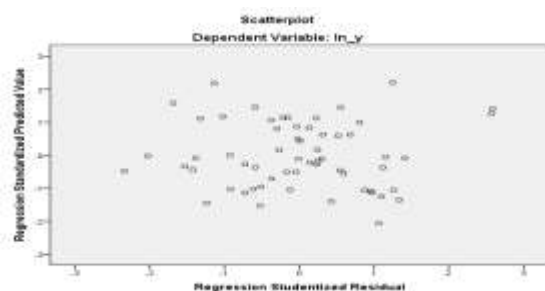
b. Dependent Variable: y

Source: SPSS output, data processed in 2022

In the test results above, the DW number is +1,551 or $-2 < 1.551 < +2$. Because the DW number is between -2 and +2, there is no autocorrelation.

3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is inequality (variance) between one observation and another in the regression model using the Scatterplot chart.



Source: SPSS output, data processed in 2022
 Figure 2. Heteroscedasticity Test Result

Based on the scatterplot above, the dots spread randomly, do not form a particular pattern, or are irregular, and the dots also spread above and below the number 0 on the Y axis. This indicates that there is no heteroscedasticity.

4. Multicollinearity Test

This multicollinearity test is intended to prove or test whether there is a linear relationship between one independent (independent) variable and another (independent) variable. One way to detect a multicollinearity problem is to look at the Variance Inflation Factor (VIF) and the Tolerance value.

Table 5. Multicollinearity Test Result

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	.316	.549			.575	.568		
Profitability	.057	.015	.458	3.877	.000	.000	1.124	
Liquidity	.005	.003	.239	1.787	.079	.692	1.445	
Leverage	.097	.184	.070	.529	.599	.715	1.389	

a. Dependent Variable: Profit Growth

Source: SPSS output, data processed in 2022

In the table above, each independent variable is a tolerance value > 0.1 while $VIF < 5$ for each independent variable; it can be concluded that there is no multicollinearity.

B. Multiple Regression Analysis

Multiple linear regression is intended to determine a linear relationship between several independent variables (X) and the dependent variable (Y). This regression equation model is:

Table 6. Multiple Regression Analysis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	.316	.549			.575	.568
Profitability	.057	.015	.458	3.877	.000	
Liquidity	.005	.003	.239	1.787	.079	
Leverage	.097	.184	.070	.529	.599	

a. Dependent Variable: Profit Growth

Source: SPSS output, data processed in 2022

Based on the table above, the equation can be formed:

$$Y = 0.316 + (0.057) X1 + (0.005) X2 + (0.097) X3$$

Based on the equation above, it can be concluded that profitability (X1), liquidity (X2), and leverage (X3) have a positive value on profit growth.

C. Research Hypothesis Testing

1. Coefficient of Determination

The coefficient of determination determines how much the independent variable contributes to the dependent variable. Where the results of the coefficient of determination (Test R2) are as follows:

Table 7. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.553 ^a	.306	.269	1.10596

a. Predictors: (Constant), x3, x1, x2

Source: SPSS output, data processed in 2022

The table above shows that:

- The value of R = 0.553 means that the relationship between the independent variables of liquidity profitability and leverage affects profit growth of 55.3%. This means that the relationship is close.
- R Square is 0.306, which means 30.6% of the factors influencing profit growth can be explained by liquidity, profitability, and leverage. The remaining 69.4% is explained by other factors not examined in this study.

2. F Test (Simultaneous Test)

This test is carried out to determine whether the proposed hypothesis is accepted or rejected using the F statistic (Simultaneous Test). The results of the F statistic test (Simultaneous Test) are as follows:

Table 8. Simultaneous Test Results

ANOVA ^a						
Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	30.166	3	10.055	8.221	.000 ^b
	Residual	68.496	56	1.223		
	Total	98.661	59			

a. Dependent Variable: Profit Growth

b. Predictors: (Constant), x3, x1, x2

Source: SPSS output, data processed in 2022

The table above shows that the calculated F value is 8.221 with a significance level of 0.000. With the use of a significance level (α) of 5%. Based on the table obtained 0.000 < 0.05, this indicates a significant effect simultaneously from the independent variable on the dependent variable.

3. T-test (Partial Test)

This test is conducted to determine whether the proposed hypothesis is accepted or rejected using the t statistic (Partial Test). The results of the t-statistical test (partial test) are:

Table 9. Partial Test Result

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.	
		B	Std. Error	Beta		
1	(Constant)	.316	.549	.575	.568	
	Profitability	.057	.015	.458	3.877	.000
	Liquidity	.005	.003	.239	1.787	.079
	Leverage	.097	.184	.070	.529	.599

a. Dependent Variable: Profit Growth

Source: SPSS output, data processed in 2022

The table above shows the results of the Partial Test, namely profitability (X1) has a significant effect on profit growth. In contrast, liquidity (X2) and leverage (X3) do not affect profit growth.

4. Absolute Difference Test (Moderating Variable)

In this study, the absolute difference value test was used. Moderation regression analysis examines the moderating variable's influence, whether it strengthens or weakens the relationship between the independent and dependent variables.

Table 10. Absolute Difference Value Test Results Equation 1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.	
		B	Std. Error	Beta		
1	(Constant)	.170	.291	.585	.561	
	Zscore(x1)	.184	.223	.127	.736	.465
	Zscore(i)	.198	.138	.151	1.429	.159
	moderasi x1	.684	.236	.502	2.893	.005

a. Dependent Variable: y

Source: SPSS output, data processed in 2022

$$\text{Profit Growth} = 0.170 + (-0.164) X1 + (0.198) Z + 0.684 (X1-Z)$$

The table above shows a positive coefficient value of 0.684 and a significance value of 0.005, below the predetermined significance level of 0.05. It strengthens the relationship between profitability and profit growth and is significant. The managerial ownership variable can moderate the relationship between profitability and profit growth.

Table 11. Absolute Difference Value Test Results Equation II Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.895	.305		2.939	.005
	Zscore(x2)	.438	.367	.339	2.629	.011
	Zscore(z)	.042	.365	.031	.255	.800
	moderasi x2	.018	.238	.010	.075	.941

a. Dependent Variable: y

Source: SPSS output, data processed in 2022

$$\text{Profit Growth} = 0.895 + (0.438) X2 + (0.042) Z + 0.018 (X2-Z)$$

The table above shows a positive coefficient value of 0.018 and a significance value of 0.941, which is above the predetermined significance level of 0.05. It strengthens the relationship between liquidity and profit growth and is insignificant. It can be concluded that the moderating variable of managerial ownership cannot moderate the relationship between liquidity and profit growth.

Table 12. Absolute Difference Value Test Results Equation III Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.635	.279		2.275	.027
	Zscore(x3)	-.341	.201	-.264	-1.700	.095
	Zscore(z)	.043	.173	.033	.249	.804
	moderasi x3	.239	.192	.189	1.246	.218

a. Dependent Variable: y

Source: SPSS output, data processed in 2022

$$\text{Profit Growth} = 0.635 - (0.341) X3 + (0.043) Z + 0.239 (X3-Z)$$

The table above shows a positive coefficient value of 0.239 and a significance value of 0.218, which is above the predetermined significance level of 0.05. It strengthens the relationship between leverage and profit

growth and is insignificant. It can be concluded that the moderating variable of managerial ownership cannot moderate the relationship between leverage and profit growth.

CONCLUSION

The results of this study provide several conclusions that can be drawn based on the discussion of the problems that have been carried out. The following are the conclusions that the author has summarized in this study:

- 1) Profitability positively affects profit growth, while liquidity and leverage do not affect profit growth in automotive and component companies listed on the Indonesian stock exchange.
- 2) Profitability, liquidity, and leverage simultaneously influence profit growth in automotive and component companies listed on the Indonesian stock exchange.
- 3) Managerial ownership can moderate the relationship between profitability, to profit growth. In contrast, managerial ownership cannot moderate the relationship between liquidity and leverage on profit growth in automotive and component companies listed on the IDX.

LIMITATIONS

1. The ability of the independent variable to explain the dependent variable still needs to be stronger, namely 30.6%, so other factors of 69.4% may affect profit growth.
2. The selection of research objects only involves automotive and component companies listed on the Indonesian stock exchange, so the level of generalization needs to be improved.

SUGGESTION

Based on the results of the research and the explanations presented above, some suggestions can be made as follows:

1. For future researchers, it is suggested

to add other variables so that the results obtained will be more accurate and have a broad scope, such as company size, solvency, and market value.

2. For future researchers, it is necessary to observe a wider object, not just one industrial sector, so that it can be used as a reference for a problem.

Declaration by Authors

Acknowledgement: None

Source of Funding: None

Conflict of Interest: The authors declare no conflict of interest.

REFERENCES

1. Angkoso. (2006). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Industri Barang Konsumsi yang Terdaftar di BEI. Skripsi, Fakultas Ekonomi, Universitas Sumatera Utara
2. Bangun, Yuliana Fransiska Br. 2018. Pengaruh Profitabilitas, Likuiditas, Leverage Dan Rasio Aktivitas Terhadap Pertumbuhan Laba Dengan Kepemilikan Manajerial Sebagai Variabel Moderating Pada Perusahaan Otomotif Dan Komponen Yang Terdaftar Di Bursa Efek Indonesia. Tesis. Universitas Sumatera Utara. Medan.
3. Fahmi, Irham. 2017. Analisis Laporan Keuangan. Bandung: Alfabeta.
4. Fitriano. (2016, April 1). Pengaruh Net Profit Margin, Total Asset Turnover, dan Debt Equity Ratio terhadap Pertumbuhan Laba (Studi Kasus Pada Sektor Perusahaan Infrastruktur, Utilitas, dan Transportasi yang Terdaftar di Bursa Efek Indonesia Periode 2011-2104). e-Proceeding of Management, 3
5. Gitman, Lawrence J., 2015. Principles of Managerial Finance, Eight Edition Addison, Wesley.
6. Harahap, Sofyan Syafri, 2018. Analisis Kritis atas Laporan Keuangan, Edisi Kedua Belas, Raja Grafindo Persada, Jakarta.
7. Hanafi, Mamduh M. dan Halim, Abdul. 2018. Analisis Laporan Keuangan, Edisi Ketiga, Jakarta: ISBN
8. Mahaputra. Adyana. 2012. Pengaruh Rasio- Rasio Keuangan terhadap pertumbuhan Laba pada Perusahaan Manufaktur di Bursa Efek Indonesia. Jurnal Akuntansi dan bisnis Vol 7 No 2. Universitas Mahasaraswati Denpasar
9. Munawir. 2019. Analisis Laporan Keuangan. Edisi Empat. Cetakan
10. Keempat belas. Penerbit Liberty. Yogyakarta.
11. Margareth, 2016. "Pengaruh Pertumbuhan Rasio Keuangan Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Dan Kepemilikan Manajerial Sebagai Variabel Moderating Pada Perusahaan Perkebunan Yang Terdaftar Di Bursa Efek Indonesia Dan Bursa Malaysia Periode 2012-2014". Universitas Sumatera Utara, Medan.
12. Mas'Ulah, S. (2016). Pengaruh Current Ratio , Debt to Equity Ratio, Total Assets Turnover, Net Profit Margin, Terhadap Perubahan Laba Pada Perusahaan. Jurnal Ilmu dan Riset Manajemen, 5.
13. Nugroho, E. S., Nurdiansyah, D. H., & Erviana, N. (2017). Financial Ratio to Predicting the Growth Income (Case Study: Pharmaceutical Manufacturing Company Listed on Indonesia Stock Exchange Period 2012 to 2016). *International Review of Management and Marketing*, 7(5), 77-84
14. Prihatni, R. (2019). Effect Of Risk Profile, Good Corporate Governance, Earnings, And Capital On Growth Income In Banking Services Listed In Indonesia Stock Exchange. *Academy Of Accounting And Financial Studies Journal*, 23(5).
15. Pujiati. 2015. Pengaruh kepemilikan manajerial, kepemilikan institusional, dan kesempatan investasi terhadap kebijakan dividen dengan likuiditas sebagai variabel pemoderasi (studi empiris pada perusahaan sektor industri barang konsumsi yang terdaftar di Bursa Efek Indonesia periode (2008-2013). Yogyakarta: Universitas Negeri Yogyakarta.
16. Su, S. H., Lee, H. L., Chou, J. J., & Chen, H. (2020). Effects Of Risk-Based Bank Rating On Profit Growth Of Rural Bank: An Empirical Study In Indonesia. *International Journal Of Business*

- Management and Economic Review, 3(2), 137 - 150.
17. Sihura, Maria Majesty dan Gaol, Romasi Lumban. 2016. "Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Manufaktur Sektor Automotif dan Allied Product Yang Terdaftar Di Bursa Efek Indonesia". JRAK, Vol.2, No.2, hlm. 191-210.
 18. Sugiyono, 2017, Statistik untuk Penelitian. Penerbit Alfabeta, Bandung.
 19. Suryantini, Ni Putu Santi. 2016. Faktor – Faktor Yang Berpengaruh Terhadap Struktur Modal Pada Perusahaan Foods and Beverages Yang Terdaftar di Bursa Efek Indonesia. E - jurnal Manajemen Vol 1 No. 2. FakultasEkonomi, Universitas Sriwijaya.
 20. Sutedi, Adrian. 2012. Good Corporate Governance. Edisi 1. Sinar Grafika, Jakarta.
 21. Tukimin. 2015. Pengaruh Rasio CAMEL, dan Ukuran Bank, Kepemilikan Manajerial sebagai Variabel Moderating terhadap Pertumbuhan Laba pada Perusahaan Perbankan yang terdaftar di BEI (Bursa EfekIndonesia). Jurnal Akuntansi. Universitas Tanjung Pura. Pontianak.
 22. Umar, Husein, 2013. Metode Penelitian Untuk Skripsi dan Tesis Bisnis, Edisi Keempat, Raja Grafindo Persada, Jakarta.
 23. Ummah .2014. Analisis Pengaruh Return On Asset(ROA), Return On Equity(ROE), Net Profit Margin(NPM), Debt To Equity Ratio(DER),Dan Current Ratio(CR),Terhadap Pertumbuhan Laba Pada Perusahaan Otomotif Di Bursa Efek Indonesia. Karya ilmiah Fakultas Ekonomi Universitas Malikussaleh
 24. Wibisono, S., & Triyonowati. (2016). Pengaruh Kinerja Keuangan Terhadap pertumbuhan Laba Pada Perusahaan Otomotif Di BEI. Jurnal Ilmu dan Riset Manajemen, 5(12).
 25. Yohanes, Weny. 2014. Pengaruh ukuran perusahaan, solvabilitas, profitabilitas terhadap Pertumbuhan Laba (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2008-2011), Jurnal Akuntansi. Universitas Negeri Padang.

How to cite this article: Mutiara Pulungan, Azhar Maksum, Tarmizi. The effect of profitability, liquidity, and leverage on profit growth with managerial ownership as a moderating variable in automotive and component companies listed on the Indonesia Stock Exchange. *International Journal of Research and Review*. 2023; 10(2): 742-752.

DOI: <https://doi.org/10.52403/ijrr.20230290>
