

The Effect of Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin on Profit Growth (An Empirical Study of Food and Beverage Companies Listed on the Indonesia Stock Exchange for the Period 2020–2024)

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Keywords:	Abstract
Current Ratio; Debt to Equity Ratio; Net Profit Margin; Profit Growth.	Profit growth is an important indicator for assessing a company's financial performance and sustainability, particularly in the food and beverage sector, which plays a strategic role in the Indonesian economy. However, during the 2020–2024 period, companies in this sector experienced significant fluctuations in profit growth, reflecting challenges in maintaining financial stability amid dynamic economic conditions. This study aimed to analyze the effects of the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin on profit growth among food and beverage companies listed on the Indonesia Stock Exchange (Bursa Efek Indonesia, IDX) during the 2020–2024 period. This study employed a quantitative approach using secondary data obtained from the annual financial reports of companies listed on the IDX. The sample was determined using a purposive sampling technique based on predetermined criteria, resulting in eight companies with 40 observations over the five-year research period. Data analysis was conducted using descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, correlation analysis, coefficient of determination analysis, and hypothesis testing through t-tests and F-tests. The results showed that the Current Ratio did not have a significant effect on profit growth, and the Debt-to-Equity Ratio also did not have a significant effect on profit growth. Meanwhile, the Net Profit Margin had a significant effect on profit growth. Simultaneously, the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin had a significant effect on profit growth. These findings indicate that a company's ability to generate net profit from sales plays an important role in supporting profit growth among food and beverage companies.

INTRODUCTION

Among the industries that contribute significantly to the Indonesian economy, the food and beverage sector is one of the most important. This sector has unique characteristics because its products are essential goods with relatively stable demand. Data from the Ministry of Industry indicates that the food and beverage subsector contributes significantly to non-oil and gas gross domestic product (GDP) and serves as one of the main drivers of manufacturing industry growth. Nevertheless, companies in the food and beverage sector continue to face various challenges, including fluctuating raw material prices, intense competition, changing consumer consumption patterns, and volatile macroeconomic conditions, particularly following the COVID-19 pandemic in

2020. The 2020–2024 period represents an important phase for examination because it reflects the dynamics of post-pandemic economic recovery and serves as a test of the sector's resilience in maintaining financial performance growth. Financial ratios are widely used analytical tools to measure and evaluate a company's profit growth. Common indicators used to assess business performance include financial ratios related to liquidity, solvency, profitability, and company size. These indicators are utilized to evaluate financial conditions and assess the performance level of a company or business entity (Barman, 2023; Geng et al., 2015; Valaskova et al., 2018).

The increasingly dynamic development of the global and national economy has significantly affected the business environment in Indonesia. Intensifying business competition has encouraged companies to enhance creativity, improve performance, and maintain sustainable competitiveness amid uncertain market conditions. One of the indicators receiving attention from management, investors, and creditors is a company's ability to generate long-term profits. Profit not only reflects the final outcome of operational activities but also serves as a basis for evaluating the company's growth prospects in future periods (Almeman, 2024; Malik, 2015; Robinson et al., 2015; Walters & Helman, 2019; Zopounidis & Lemonakis, 2024).

A company's financial performance can be influenced by the level of profit generated. To measure and evaluate financial performance, several financial ratios can be applied, including the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin. These ratios involve components such as current assets, current liabilities, total liabilities, total equity, net profit, and net sales. These components are accounting elements that have the potential to influence a company's profitability, both during periods of increasing and decreasing profit performance. Profit plays an important role because it supports the sustainability of a company's operations and future development (Paputungan, 2021).

Profit growth is one of the indicators used to assess a company's financial condition by comparing profits between the current period and previous periods. Information regarding profit growth is important for financial statement users because it reflects a company's performance through changes in profit levels, whether increasing or decreasing. Higher profit growth indicates a company's ability to generate greater profits, which may provide opportunities for higher dividend distribution to shareholders. Information on profit changes is also an important consideration for investors when making investment decisions, as it relates to their objective of obtaining optimal returns from funds invested in the company (Paputungan, 2021).

The Current Ratio (CR) is classified as a liquidity ratio that indicates a company's ability to fulfill its short-term obligations. This ratio provides an overview of the extent to which current assets are available to cover current liabilities that have become due (Paputungan, 2021).

The Debt-to-Equity Ratio (DER) is categorized as a solvency ratio that compares total liabilities with total equity. This ratio is used by analysts and investors to measure the proportion of a company's funding structure derived from debt relative to shareholder equity. A higher Debt-to-Equity Ratio indicates greater reliance on debt financing, which

may increase financial risk and affect the company's ability to fulfill its obligations. DER is an important indicator for evaluating a company's capital structure because it reflects the extent to which debt is utilized as a source of funding compared with equity. A high DER value indicates greater financial risk due to increasing interest obligations, which may negatively affect profitability and potentially slow profit growth in subsequent periods. Conversely, an optimal DER level may support business expansion without significantly reducing profitability (Yuliantin & Aprianti, 2022b).

Net Profit Margin (NPM) is a profitability ratio used to measure the proportion of net profit generated by a company from each unit of revenue earned. This ratio reflects the company's ability to generate net profit after deducting all costs and expenses from revenue. A company can improve its Net Profit Margin by increasing sales and maintaining efficient cost management from one accounting period to the next. A high Net Profit Margin indicates that the company is capable of managing costs and expenses effectively, allowing it to generate greater net profit relative to its sales. This condition reflects the company's operational performance and profitability. Investors may reconsider investing in companies with very low NPM values due to their inefficiency in generating net profit as a result of ineffective expense management (Paputungan, 2021).

Several previous studies have shown inconsistent findings regarding the effects of financial ratios on profit growth. Research conducted by Armereo and Rahayu (2022) on manufacturing companies found that the Current Ratio and Debt-to-Equity Ratio did not have a significant effect on profit growth, while the Net Profit Margin had a significant positive effect. In contrast, research by Situmeang and Sudjiman (2022) on food and beverage companies listed on the IDX during the 2016–2021 period showed that the Current Ratio, Debt-to-Equity Ratio, Total Asset Turnover, and Net Profit Margin simultaneously had a significant effect on profit growth, although partially only the Net Profit Margin and Total Asset Turnover demonstrated significant effects. These differences in research findings indicate the existence of a research gap that requires further examination, particularly in the context of food and beverage companies during the post-pandemic economic recovery period of 2020–2024, which has not been extensively studied.

Based on this description, it can be concluded that a company's profit growth is influenced by various aspects related to its financial condition, including liquidity, capital structure, profitability, asset utilization effectiveness, and company size, which collectively reflect the company's capacity to generate profits. This study provides an empirical overview of the variables that influence profit growth among food and beverage subsector companies listed on the Indonesia Stock Exchange (Bursa Efek Indonesia, IDX) during the 2020–2024 period. The findings of this study are expected to contribute to company management in preparing financial planning and decision-making strategies, assist investors in making investment decisions, and enrich the literature in the fields of financial management and accounting. Therefore, this study was conducted under the title “The Effect of Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin on Profit

Growth (An Empirical Study of Food and Beverage Companies Listed on the Indonesia Stock Exchange for the Period 2020–2024).”

Based on processed data from 2025, profit growth among eight manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange during the 2020–2024 period experienced significant fluctuations, characterized by increases and decreases in profit between periods. The highest profit growth was recorded by PT Sumber Tani Agung Resources Tbk (STAA), reaching 153% in 2020, while the lowest profit growth was experienced by PT Mayora Indah Tbk (MYOR), reaching –42% in 2021. The negative value indicates a decline in the company’s profit compared with the previous period. These fluctuations demonstrate that profit growth among companies in the food and beverage subsector was not stable throughout the study period, highlighting the need for further analysis of factors affecting profit growth, particularly the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Net Profit Margin (NPM).

Based on these conditions, companies in the food and beverage subsector tend to experience fluctuations in net profit over time, which subsequently affect changes in profit growth. This condition encourages further investigation into factors influencing profit growth, particularly through the analysis of the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Net Profit Margin (NPM). The food and beverage subsector was selected as the research object because it has sustainable growth potential and plays an important role in fulfilling community needs. Furthermore, Indonesia’s increasing population has contributed to rising demand for food and beverage products, allowing this subsector to maintain its growth potential. Therefore, this study was conducted to analyze the effects of CR, DER, and NPM on profit growth among food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period.

Based on this background, this study identified several research problems, including fluctuations in profit growth among food and beverage subsector companies and inconsistent findings regarding the effects of CR, DER, and NPM on profit growth. The CR as a liquidity indicator, DER as a capital structure indicator, and NPM as a profitability indicator require further analysis to determine their effects on profit growth. In addition, previous studies have not simultaneously examined these three financial ratios among food and beverage companies listed on the IDX during the 2020–2024 period. Therefore, the research problems addressed in this study include whether CR, DER, and NPM partially have significant effects on profit growth and whether these three variables simultaneously influence profit growth. The objective of this study was to determine the partial and simultaneous effects of CR, DER, and NPM on profit growth. The results are expected to provide theoretical contributions to the development of accounting and financial management literature, particularly regarding financial ratios and profit growth, as well as practical contributions for companies in managing liquidity, capital structure, and profitability, for investors as a basis for investment decision-making, and for academics and students as references for future research.

METHOD

Types of Research

This study employed a quantitative research approach using numerical data obtained from company financial reports. The research applied an associative research design to examine the relationships between independent variables and the dependent variable (Abubakar, 2021). The independent variables in this study were the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin, while the dependent variable was profit growth.

The study used secondary data from historical financial reports to analyze the effects of the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin on profit growth.

Population and sample

The population of this study consists of 83 food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) and are the object of research during the 2020–2024 period. Sampling was carried out using purposive sampling techniques based on certain criteria, namely companies listed on the IDX during the 2020–2024 period, presented complete and consecutive annual financial statements during the research period, and did not suffer losses during the research period. Based on these criteria, 8 companies were obtained as research samples, namely PT Akasha Wira International Tbk (ADES), PT Sariguna Primatirta Tbk (CLEO), PT Indofood CBP Sukses Makmur Tbk (ICBP), PT Mayora Indah Tbk (MYOR), PT Nippon Indosari Corpindo Tbk (ROTI), PT Sekar Laut Tbk (SKLT), PT Sumber Tani Agung Resources Tbk (STAA), and PT Ultra Jaya Milk Industry & Trading Co Tbk (ULTJ). With an observation period of five years, namely 2020–2024, the number of research data used is 40 observation data (8 companies × 5 years).

Data Collection Methods

1. Documentation

The observation method is one of the techniques used in the data collection process through the analysis of business data, especially financial data. This research uses the literature study approach as one of the methods of information collection, also known as literary studies, which includes reading, researching, analyzing, and reviewing various literature sources, such as books, articles, and websites, as well as the results of previous research and related to the research topic. The goal of literature research is to collect as many theories as possible that are considered to be able to validate the information that has been collected.

2. Literature Research

This research was compiled to provide a theoretical foundation in supporting the analysis of data collected during the research process. The foundation is obtained through the study of various literature relevant to the object of research, such as books, scientific references, and lecture notes, findings from related studies, and other sources.

3. Data Analysis Methods

Data analysis in this study was carried out after all data was collected with the aim of processing, illustrating, and testing the relationship between independent variables, namely Current Ratio (CR), Debt to Equity Ratio (DER), and Net Profit Margin (NPM), and dependent variables in the form of profit growth. The stages of analysis include descriptive statistics, classical assumption tests consisting of normality, heteroscedasticity, multicollinearity, and autocorrelation tests, as well as multiple linear regression analysis. In addition, correlation and determination coefficient (R^2) tests were carried out to determine the level of relationship and ability of independent variables in explaining profit growth. Furthermore, hypothesis testing was carried out through a partial test (t-test) to determine the influence of each independent variable on profit growth and a simultaneous test (F test) to determine the effect of CR, DER, and NPM together. Decision-making in hypothesis testing used a significance level of 5% (0.05), with a significance value of less than 0.05 indicating a significant influence.

In multiple linear regression analysis, the research model was used to measure the influence of CR, DER, and NPM on profit growth. Descriptive statistics are used to provide an overview of the minimum, maximum, mean, and standard deviation values of each research variable. Classical assumption tests are performed to ensure that the regression model meets the necessary requirements so as to produce a good estimate. The normality test was used to determine the residual distribution, the heteroscedasticity test to see the similarity of residual variance, the multicollinearity test to find out the existence of a high correlation between independent variables, and the autocorrelation test to find out the relationship between residuals. After the model is declared to meet the necessary assumptions, regression tests, correlation tests, determination coefficients, and t-tests and F-tests are carried out to answer the research objectives and test the hypotheses that have been formulated.

RESULTS AND DISCUSSION

Classical Assumption Test Results

1. Normality Test

The results of the normality test are as follows:

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		40
Normal Parameters ^{a,b}	Red	.0000000
	Std. Deviation	.40742953
Most Extreme Differences	Absolute	.130
	Positive	.130
	Negative	-.059
Test Statistic		.130
Asymp. Sig. (2-tailed) ^c		.085
Monte Carlo Sig. (2-tailed) ^d	Sig.	.085
	Lower Bound	.078

99% Confidence Interval Upper Bound .092

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1502173562.

Source: SPSS V25 Data Output Processed by Author 2026

Based on the results of the SPSS V.25 output using the Kolmogorov-Smirnov normality test, it shows a significant number of 0.085 greater than 0.05 ($0.085 > 0.05$) and it can be said that this study passed the normality test, this is in accordance with the basis for decision-making in the normality test, namely if the residual has a sig value of > 0.05 then the data is normally distributed, if the sig value < 0.05 then the data is not normal. The residual normal value can also be seen from the P-Plot below.

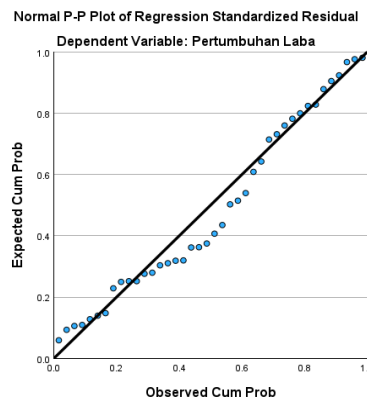


Figure 1. P - P Plot Regression

Source: SPSS V25 Data Output Processed by researchers, 2026

Based on Figure 1 regarding the P-P Plot Regression above, it shows that the points are spread around the diagonal line. It can be said that the data has been channeled or distributed normally and the results of the regression model meet the assumption of normality so that it is feasible to continue in the next analysis.

2. Heteroscedasticity Test

The results of the heterokedasticity test are as follows:

Table 2. Heteroscedasticity Test Results

		Coefficient			t	Sig.
Models		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.155	.173		.895	.377
	Current Ratio	-.008	.033	-.043	-.258	.798
	Debt to Equity Ratio	.317	.137	.415	2.314	.066
	Net Profit Margin	.139	.531	.044	.262	.795

a. Dependent Variable: Abs_RES

Source: SPSS V25 output data processed by researchers 2026

Based on table 2 regarding the results of the heterokedasticity test, it is explained that the sig value of 0.377 is greater than 0.05 ($0.377 > 0.05$) in this study, the result does not occur symptoms of heterokedasticity and meets the basis for decision-making in the heterokedasticity test.

3. Multicollinearity Test

The results of the Multicollinearity Test are as follows:

Table 3. Multicollinearity Test Results

		Coefficient	
Models		Collinearity Statistics	
		Tolerance	VIVID
1	Current Ratio	.835	1.197
	Debt to Equity Ratio	.712	1.405
	Net Profit Margin	.828	1.207

a. Dependent Variable: Profit Growth

Source: SPSS V25 output data processed by researchers 2026

Based on table 3 regarding the results of the multicollinearity test, it is shown that the value of each variable (Current Ratio, Debt to Equity Ratio and Net Profit Margin) has a value inflation factor value of less than 10 ($VIF < 10$). And the variables (Current Ratio, Debt to Equity Ratio and Net Profit Margin) have a tolerance value greater than 0.10 ($\text{tolerance} > 0.10$), so that with the results obtained it has met the basis for decision-making in the multicollinearity test, namely if the VIF value is < 10 and the tolerance value is greater than 0.10 ($\text{tolerance} > 0.10$), then multicollinearity does not occur. And it can be concluded that this study does not occur in the case of multicollinearity.

4. Autocorrelation Test

The results of the autocorrelation test are as follows:

Table 4. Autocorrelation Test Results

Model Summary ^b					
Models	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.470a	.221	.156	.42407	1.866

a. Predictors: (Constant), Net Profit Margin, Current Ratio, Debt to Equity Ratio

b. Dependent Variable: Profit Growth

Source: SPSS V25 output data processed by the author 2026

Durbin Watson (DW)

n = 40

d = 1,866

dL = 1.3384

dU = 1.6589

4 - dL = 4 - 1.3384 = 2.6616

4 - dU = 4 - 1.6589 = 2.3411

Based on table 4 regarding the results of the autocorrelation test and calculation above, it shows that the Durbit-Watson value (DW) is 1.866 with the calculation of $dU <$

$d < 4 - dU$ ($1.6589 < 1.866 < 2.3411$), then this calculation is in accordance with the decision-making in the autocorrelation test, and with this it can be said that the study does not have autocorrelation symptoms.

5. Multiple Linear Regression Test

The results of the multiple linear regression test are as follows:

Table 5. Multiple Linear Regression Test Results

Models		Coefficient			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.174	.352		-.496	.623
	Current Ratio	-.077	.067	-.187	-1.160	.254
	Debt to Equity Ratio	.433	.278	.271	1.554	.129
	Net Profit Margin	2.979	1.079	.446	2.760	.009
a. Dependent Variable: Profit Growth						

Source: SPSS V25 output data processed by researchers 2026

Based on Table 5 which presents the results of multiple linear regression analysis, it is known that the value of constant (a) is -0.174. The value of the regression coefficient (B) of each variable shows that the Current Ratio has a value of -0.077, the Debt to Equity Ratio is 0.433, while the Net Profit Margin has a value of 2.979. Thus, based on these results, multiple linear regression equations can be formulated as follows:

$$\text{Profit Growth} = -0.174 - 0.077 \text{ CR} + 0.433 \text{ DER} + 2.979 \text{ NPM}$$

Based on the multiple linear regression equation, several things can be explained as follows:

- The value of constant (a) in the profit growth variable (Y) of -0.174 indicates that if the Current Ratio, Debt to Equity Ratio, and Net Profit Margin are at zero, then the company's profit growth is estimated to have a value of -0.174.
- The Current Ratio (CR) variable has a regression coefficient value of -0.077. This value shows that if the Current Ratio increases by 1 unit, while other independent variables are considered constant, then profit growth is expected to decrease by 0.077 units.
- The Debt to Equity Ratio (DER) variable has a regression coefficient value of 0.433. This value indicates that any increase in the Debt to Equity Ratio of 1 unit, assuming other independent variables are fixed, will be followed by an increase in profit growth of 0.433 units.
- The Net Profit Margin (NPM) variable has a regression coefficient of 2.979. This value shows that any increase in Net Profit Margin by 1 unit, assuming the other independent variables remain constant, will cause profit growth to increase by 2.979 units.

Hypothesis Test Results

1. Correlation Test

The results of the correlation test are as follows:

Table 6. Correlation Coefficient Test Results

		<i>Current Ratio</i>	<i>Debt to Equity Ratio</i>	<i>Net Profit Margin</i>	<i>Profit Growth</i>
<i>Current Ratio</i>	Pearson Correlation	1	-.406**	.167	-.222
	Sig. (2-tailed)		.009	.303	.168
	N	40	40	40	40
<i>Debt to Equity Ratio</i>	Pearson Correlation	-.406**	1	-.414**	.162
	Sig. (2-tailed)	.009		.008	.318
	N	40	40	40	40
<i>Net Profit Margin</i>	Pearson Correlation	.167	-.414**	1	.303
	Sig. (2-tailed)	.303	.008		.058
	N	40	40	40	40
<i>Profit Growth</i>	Pearson Correlation	-.222	.162	.303	1
	Sig. (2-tailed)	.168	.318	.058	
	N	40	40	40	40

Source: Ouput SPSS V25 data processed by researchers 2026

Based on table 6 regarding the results of the correlation test analysis, it shows that the Current Ratio value has a correlation of -0.222 based on the interpretation value guideline, the Current Ratio correlation to profit growth has a very low relationship. The Debt to Equity Ratio has a correlation of 0.162 based on the interpretation value guideline in the range (0.00 – 0.199) and based on the Debt to Equity Ratio interpretation value guideline to profit growth has a very low relationship. Net Profit Margin has a correlation of 0.303 and is in the range (0.20 – 0.399) and based on the guideline of the interpretation value of Net Profit Margin to profit growth has a low relationship.

2. Coefficient of Determination (KD)

The results of the determination coefficient are as follows:

Table 7. Determination Coefficient Test Results

Model Summary^b					
Models	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.470a	.221	.156	.42407	1.866

a. Predictors: (Constant), *Net Profit Margin*, *Current Ratio*, *Debt to Equity Ratio*

b. Dependent Variable: Profit Growth

Source: Output SPSS V25 data processed by the author 2026

Based on table 7 regarding the results of the determination coefficient test above, it can be seen that the value of R square (R²) is 0.221 which if in the form of percent is 22.1%, then it can be concluded that this percentage value explains the estimated influence between the variables Current Ratio, Debt to Equity Ratio and Net Profit Margin on profit growth is 0.221 (22.1%) and the remaining 77.9% which may be influenced by other factors not included in the model research, such as TATO, GPM, and ROA.

Total Asset Turnover is a ratio used to compare sales and total assets, so that it can show the level of effectiveness of a company in utilizing all its assets. According to Prihadi Dalam (Sulastri & Saputro, 2020), the increase in profit growth shows that the

efficiency of using total sales is better, the ratio of total asset turnover is better because the ability to earn profits is also greater.

GPM is one of the important indicators that can provide information to management and investors about the company's ability to generate profits from its operational activities before accounting for indirect costs. (Islam & Nurhayati, 2020).

The ability of a business to generate profits in the past and project such revenue into the future is known as ROA, with the company's assets or assets such as own capital and foreign capital used (Silaban, 2018).

3. Partial Test (t-test)

The results of the partial t-test are as follows:

Table 8. Partial t-test results

Models		Coefficient			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.174	.352		-.496	.623
	<i>Current Ratio</i>	-.077	.067	-.187	-1.160	.254
	<i>Debt to Equity Ratio</i>	.433	.278	.271	1.554	.129
	<i>Net Profit Margin</i>	2.979	1.079	.446	2.760	.009

a. Dependent Variable: Profit Growth

Source: SPSS V25 output data processed by the author 2026

Based on Table 8, it shows that the value of the calculation Current Ratio is -1,160, the Debt to Equity Ratio is 1,554 and the Net Profit Margin is 2,760. And compared with the ttable in the way $df = n - k = 40 - 3 = 37$ with a significant level of 0.05 and obtained a ttable of 2.02619. From these results, the following results were obtained:

- Based on the test results, the Current Ratio (CR) obtained a tcal value of -1.160 and a ttable of 2.02619, so that the tcal value < ttable (-1.160 < 2.02619). In addition, a significance level of 0.254 was obtained which was greater than 0.05 (0.254 > 0.05). Thus, H1 is rejected, which shows that the Current Ratio has no significant effect on profit growth.
- Based on the test results, the Debt to Equity Ratio (DER) obtained a tcal value of 1.554 and a ttable of 2.02619, so that the tcal value < ttable (1.554 < 2.02619). The significance level obtained was 0.129 greater than 0.05 (0.129 > 0.05). Thus, H2 was rejected, which shows that the Debt to Equity Ratio has no significant effect on profit growth.
- Based on the test results, the Net Profit Margin (NPM) obtained a tcal value of 2.760 and a ttable of 2.02619, so that the tcal value of > ttable (2.760 > 2.02619). The significance level obtained was 0.009 smaller than 0.05 (0.009 < 0.05). Thus, H3 is accepted, which shows that Net Profit Margin has a significant effect on profit growth.

4. Simultaneous Test (F Test)

The results of the F test simultaneously are as follows:

Table 9. Simultaneous F Test Results
NEW ERA

Models	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.832	3	.611	3.396	.028b
Residual	6.474	36	.180		
Total	8.306	39			

a. Dependent Variable: Profit Growth

b. Predictors: (Constant), *Net Profit Margin*, *Current Ratio*, *Debt to Equity Ratio*

Source: SPSS output 25 data obtained by the author 2026

Based on the results of the simultaneous F test, the Fcal value of the variables Current Ratio, Net Profit Margin, and Debt to Equity Ratio was obtained of 3.619, which is greater than the Ftable of 2.748 ($3.619 > 2.748$). In addition, the significance value obtained was 0.018 lower than the significance level of 0.05 ($0.018 < 0.05$). Based on these results, H4 was declared acceptable, which shows that the Current Ratio, Net Profit Margin, and Debt to Equity Ratio simultaneously affect profit growth.

The Effect of Current Ratio on Profit Growth

Based on the results of the statistical test (t-test) on the Current Ratio variable, the tcal value was -1.160 and the ttable was 2.02619 ($-1.160 < 2.02619$), with a significance level of 0.254 which was greater than the alpha value of 0.05 ($0.254 > 0.05$). Thus, H1 was rejected, which shows that the Current Ratio has no significant effect on profit growth in the food and beverage sub-sector companies. This condition shows that the company's liquidity level does not directly affect profit growth, because the high current assets do not necessarily reflect the company's ability to optimize these assets to support profit increases.

The results of this study are in line with research conducted by Sefida, Adinda Putri & Wahyuni Ekawanti (2025), Putra, Rizki Rahmat (2024), Armereo, Crystha & Pipit Fitri Rahayu (2022), Widiasmara, Anny. et al. (2022), Susyana, Fina islamiati & Nugi Mohamamd Nugraha (2021) who said that the Current Ratio does not have a significant effect on profit growth.

The Effect of Debt to Equity Ratio on Profit Growth

Based on the results of the statistical test (t-test) on the Debt to Equity Ratio variable, the tcal value was 1.554 and the ttable was 2.02619 ($1.554 < 2.02619$), with a significance level of 0.129 which is greater than the alpha value of 0.05 ($0.129 > 0.05$). Thus, H2 was rejected, which shows that the Debt to Equity Ratio does not have a significant effect on profit growth in the food and beverage sub-sector companies. This condition can occur because the company has a relatively low proportion of its own capital so that it relies more on external funding sources in the form of debt in carrying out its operational activities. The use of high debt can increase the interest burden that the company must bear, thus potentially reducing the profits earned and ultimately affecting the company's profit growth.

The results of this study are in line with the research conducted by Adisma, Tiara hening, et al (2025), Pramudita, Dewa terigid. et al. (2024), Cahyani, Ariani Gita & Ferry

Kosadi (2024), Armereo, Crystha & Pipit Fitri Rahayu (2022), who stated that the Debt to Equity Ratio does not have a significant influence on profit growth.

The Effect of Net Profit Margin on Profit Growth

Based on the results of the partial test using the t-test on the Net Profit Margin variable, the t-table value was 2.760, while the ttable value was 2.02619. The results showed that the tcount was larger than the ttable ($2.760 > 2.02619$). In addition, the significance value of 0.009 was smaller compared to the alpha level of 0.05 ($0.009 < 0.05$). Therefore, H3 was declared acceptable, which shows that partially Net Profit Margin has a significant effect on profit growth in the food and beverage sub-sector company. This can happen because the higher the Net Profit Margin the company gets from sales with effective operational cost management, thus the greater the company's ability to generate profits. Increasing the ability to generate profits can ultimately encourage the growth of the company's profits.

The results of this research are in line with the research conducted by Sarah, Siti. et al. (2024), Cahyani, Ariani Gita & Ferry Kosadi (2024), Palayukan, Fenty Febriani Yolda. et al. (2023), Armereo, Crystha & Pipit Fitri Rahayu (2022), Yuliantin, Antin & Kartin Aprianti (2022) who said that Net Profit Margin has a significant effect on profit growth.

The Effect of Current Ratio, Debt to Equity Ratio, and Net Profit Margin on Profit Growth

Based on the results of simultaneous statistical testing through the F test, it is known that the Fcal value obtained from the variables Current Ratio, Debt to Equity Ratio, and Net Profit Margin is 3.396, higher than the Ftable value of 2.748 ($3.396 > 2.748$). Furthermore, the significance value obtained was 0.028 smaller than the significance level of 0.05 ($0.028 < 0.05$). Therefore, H4 is declared accepted, which shows that the Current Ratio, Debt to Equity Ratio, and Net Profit Margin simultaneously have a significant effect on profit growth in food and beverage subsector companies listed on the Indonesia Stock Exchange for the 2020–2024 period.

The results of the research obtained in this study are in line with the findings of previous research conducted by, Sarah, Siti. et al. (2024), Pilot, Rigid God. et al (2024), Cahyani, Ariani gita & Ferry Kosadi (2024), Sofia, Irma & Enny Arita (2024), Kirana, Putri & Lucia Ari Diyani (2023), Situmeang, Roull sukarni & Paul eduard sudjiman (2022), Paputungan, vindi (2021) who said that Current Ratio, Debt to Equity Ratio, and Net Profit Margin have a significant effect on profit growth.

CONCLUSION

This study aimed to determine the effects of the Current Ratio, Debt-to-Equity Ratio, and Net Profit Margin on profit growth among food and beverage companies listed on the Indonesia Stock Exchange (Bursa Efek Indonesia, IDX) during the 2020–2024 period. Based on the results of the analysis and hypothesis testing, the Current Ratio and Debt-to-Equity Ratio partially did not have significant effects on profit growth, whereas the Net Profit Margin had a significant effect on profit growth. Simultaneously, the three

variables had a significant effect on profit growth. However, this study had several limitations. The sample was limited to eight companies with 40 observations, which may restrict the generalizability of the findings. Furthermore, the R^2 value of 22.1% indicated that 77.9% of the variation in profit growth was explained by other variables not included in the research model. For universities and academics, this study is expected to serve as a reference for scientific development and enhance students' understanding of financial research. Future researchers are encouraged to include other variables, such as Total Asset Turnover, Gross Profit Margin, Return on Assets, and Return on Investment, and to expand the research scope to other industrial sectors. For companies, the findings of this study may serve as a consideration for improving and maintaining Net Profit Margin, as a higher level of net profit can contribute to sustainable profit growth.

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