The Influence of Current Ratio (CR) and Net Profit Margin (NPM) on Profit Growth at PT Japfa Comfeed Indonesia, Tbk (Periods 2013 – 2022)

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Abstract. This research aims to identify the influence of Current Ratio (CR) and Net Profit Margin (NPM) on Profit Growth at PT Japfa Comfeed Indonesia, Tbk. The method used in this research is a quantitative method. With data analysis involving classical assumption tests, correlation coefficient tests, coefficient of determination tests, multiple linear regression tests, and hypothesis tests. The results of the coefficient of determination test show an influence of 63,8% of the Current Ratio and Net Profit Margin on Profit Growth, the remaining 36,2% is influenced by other variables, then based on the t test the results show 0,015 < 1,895 with a significance of 0,003 < 0,05, meaning Current Ratio (CR) does not have a significant effect on Profit Growth, while the subsequent t test results show results of 1,95 > 1,895 with a significance of 0,001 < 0,05, meaning that Net Profit Margin (NPM) has a significant effect on Profit Growth. Based on the hypothesis test (f test), the results show 6,161 > 4,74 with a significance of 0,002< 0,05, meaning that simultaneously the Current Ratio (CR) and Net Profit Margin (NPM) have a significant effect on Profit Growth.

Keywords: Current Ratio; Net Profit Margin; Profit Growth.

A. INTRODUCTION

The term Indonesia as an agrarian country or a country that relies on the agricultural sector comes from many historical stories. It begins with the glorious periods of the Majapahit Kingdom, which was centered in Trowulan, an area along the Brantas river, which is the second largest river on Java Island, and close to the estuary of the Bengawan Solo River. This geographical location bound the people of the Majapahit era to depend on agriculture as their main livelihood. Most of the people worked as farmers. The Majapahit Kingdom had a very strong agricultural sector, especially in producing abundant rice. In addition to rice, spices became an important agricultural commodity in Indonesia that was in great demand by Europeans. The arrival of the Dutch to Indonesia during their colonial periods, especially through the VOC (Vereenidge Oostindische Compagnie), was driven by the desire to control the spice trade from the archipelago.

After the fall of the New Order regime in 1998, Indonesia experienced significant changes in the agri-food sector. The government continues to develop sustainable agriculture, improve access to global markets, and encourage innovation in agribusiness. Indonesia faces changing challenges such as climate change, urbanization, and disparities in the distribution of agricultural products. However, the country also has opportunities to develop its agri-food industry, including organic food production, technology-based agriculture and export of agricultural products. (www.tapak.id)

One of them is a company in the agri-food sector that will be studied, namely PT Japfa Comfeed Indonesia, Tbk (JPFA), is a leading company in food processing in Indonesia. PT Japfa Comfeed Indonesia, Tbk (JPFA) has various business divisions, including the feed industry (such as milling livestock rations and corn cleaning), livestock breeders (including broiler, broiler and layer breeders), commercial (including live animal trading, vegetable oil, rubber trading) and plastics, live animal trading, edible oil, rubber trading) and plastics. They are also involved in the retail sale of livestock products, aquatic products, animal feed, and other services.

PT Japfa Comfeed Indonesia, Tbk, a company that produces copra pellets, was established on 18 January 1971 under the name PT Java Pelletizing (Japfa). Over time, JPFA has grown and expanded into several industries, such as animal and poultry feed. This expansion process continued until 1992, when Japfa also took over PT Multibreeder Adirama Indonesia and PT Ciomas Adisatwa, companies that focused on shrimp breeding and processing. Today, Japfa produces not only livestock products but also processed livestock products, such as So Nice, Real Good, Kingsley and many others. (www.idxchannel.com).

Tabel 1 *The Progress of Current Ratio (CR), Net Profit Margin* (NPM) *and Profit Growth at* **PT Japfa Comfeed Indonesia, Tbk** *Periods* **2013-2022.**

Years	Current Ratio (%)	Net Profit Margin (%)	Profit Growth (%)
2013	2.06	3	-40
2014	1.77	2	-40
2015	1.79	2	36
2016	2.13	8	3.14
2017	2.35	4	0.49
2018	1.80	7	1.03
2019	1.73	5	-16
2020	1.96	3	-35
2021	2.00	5	74
2022	1.81	3	-30

Source : Financial Statement of PT Japfa Comfeed Indonesia, Tbk.

B. LITERATURE REVIEW

Management

All activities related to the acquisition, funding, and all assets with several overall objectives according to George R. Terry in Wijaya (2016) defines management as a typical process consisting of planning, directing, and controlling actions carried out to determine and achieve predetermined goals through the utilization of human resources and other resources.

According to Afandi (2018: 1) Management is a process of cooperation between employees to achieve organizational goals in accordance with the implementation of the functions of planning, organizing, personnel, directing, leadership and supervision. This process can determine the achievement of predetermined goals by utilizing human resources and other resources to achieve more efficient and effective results.

Financial Management

According to Musthafa (2017: 3) "Financial management explains several funding decisions or decisions to fulfill funding needs, and policy decisions."

According to David Wijaya (2017: 2) "Financial management is related to financial management such as budgeting, planning, finance, cash, credit, investment analysis, and efforts to obtain funds."

From this understanding it can be concluded that financial management activities are related to the financial management of the company, including institutions related to funding sources and corporate financial investments.

Financial Report

According to Raymond Budiman (2020: 3) Financial statements are documents that describe the financial position and performance of the company during a certain periods of time.

According to Munawir (2014: 2) financial statements are basically the result of an accounting process that can be used as a tool to communicate between financial data or activities of a company and parties with an interest in the data or activities of the company.

According to Harahap (2018: 105) financial statements describe the company's financial condition and results of operations at a certain time or periods of time.

Profit Growth

According to Sofyan Syafri Harahap (2015:10) Profit growth is a ratio that shows the company's ability to increase net profit compared to the previous year.

According to Mulyadi (2016) Profit growth is an important indicator to assess the company's financial performance.

According to Kieso, et al (2018) Earnings growth as a measure of the company's ability to increase its income over time.

C. RESEARCH METHODOLOGY

The research method used by researchers in preparing this thesis is a descriptive type of quantitative approach, namely discussing the problems at hand. The location of the implementation of this research is focused on the agri-food company PT Japfa Comfeed Indonesia, Tbk by taking the calculation time of the 2013-2022 financial statements. The address of the head office of PT Japfa Comfeed Indonesia, Tbk which is headquartered at Wisma Millenia 7th Floor. Jl. M.T.. Haryono Kav. 16 Jakarta 12810, Indonesia, and online website www.Japfacomfeed.co.id

In this study, there are two variables used, namely the independent variable (X) and the dependent variable (Y).The population used in this study is the financial statements of PT Japfa Comfeed Indonesia, Tbk for the periods 2013-2022.This study uses non-probability sampling techniques and with purposive sampling as the sampling technique. Purposive sampling according to Sugiyono (2016: 85) is a data source sampling technique with certain considerations.The sample used in this study is the balance sheet and income statement of PT Japfa Comfeed Indonesia, Tbk. periods 2013 - 2022.

D. RESULTS AND DISCUSSION

The normality test is based on the classical acceptance test, which shows a P-plot graph with points distributed around the diagonal area and along the diagonal direction, illustrating that the data are normally distributed. In the multicollinearity test, it is mandatory to test whether the correlation between the independent variables (independent) is detected in the regression mode.

The multicollinearity test results indicate that the tolerance value for the Current Ratio variable is 0.968 and for the Net Profit Margin (NPM) is also 0.968, both of which are greater

than the threshold value of 0.10. Furthermore, the Variance Inflation Factor (VIF) for the Current Ratio and Net Profit Margin are both 1.033, which is less than the critical value of 10.00. These results suggest that there is no multicollinearity problem in this study, indicating that the regression analysis is reliable and valid. Therefore, the Current Ratio and NPM variables can be confidently used in the regression model without concerns of multicollinearity affecting the results.

For the heteroscedasticity test, a scatter plot analysis between SRESID and ZPRED was conducted. The scatter plot, reveals that there is no discernible pattern among the plotted points. Both above and below the zero-point on the y-axis, the points are randomly distributed. This lack of pattern indicates that heteroscedasticity is not present in the regression model used in this study. Thus, the assumption of homoscedasticity holds, ensuring that the regression results are unbiased and the model is appropriate for the data analyzed.

Tabel 2 *T test Result*

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.529	2.542		.602	.016
	CurrentRatio_X1	.020	1.325	.004	.015	.003
	NPM_X2	3.26	2.537	.798	1.95	.001

a. Dependent Variable: PertumbuhanLaba_Y

Source : Output SPSS Version 25, 2024.

It can be explained and concluded that the t value in this study is 0.015 based on the results of the t test above which shows that the distribution table at n = 10 (df = n - k-1) = (10-2 - 1 = 7) obtained t table = 1.895 at the 95% confidence level (two-way test). It can be concluded that t count is smaller than t table (0.015 is smaller than 1.895) which means Ho is accepted Ha is rejected and significant (0.003 is smaller than 0.05) so that Ho is rejected Ha is accepted. Thus, it can be said that profit growth (Y) has no significant effect on Current Ratio (X1), because t count < t table, this results in variable X1 having no effect on variable Y.

Tabel 3 *F Test Result*

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.424	2	3.712	6.161	.002ᵇ
	Residual	4.218	7	.603		
	Total	11.642	9			

Source : Output SPSS Version 25, 2024.

Based on the results of the F statistical test, it can be seen that F count is 6.161 and a significance of 0.02, while to calculate the F table using the formula dF2 = n-k-1 or 10-2-1 which results in 7, it can be seen that the F table is 4.74 so it can be said that F Count is greater than F Table or 6.161> 4.74 then Ho is rejected Ha is accepted and significant 0.002 <0.05 Ho is rejected Ha is accepted which means that simultaneously Current Ratio (X1) and Net Profit Margin (X2) have a significant effect on Profit Growth (Y). Thus the current ratio can also affect profit growth, because a good level of liquidity can reduce the risk of failure in payments which has an impact on profit growth, the company is able to calculate the sales price so that from these sales, the company will get a high net profit margin which will also affect profit growth.

E. CONCLUSIONS AND SUGGESTIONS

Based on the research results discussed, the research can conclude the results of "The Effect of Current Ratio (X1) and Net Profit Margin on Profit Growth at PT Japfa Comfeed Indonesia, Tbk", namely as follows: First, from the regression analysis conducted on the T test results, it is found that CR (X1) has no significant effect on Earnings Growth (Y). The calculated t value for CR is 0.015, smaller than the t table value of 1.895 at the 95% confidence level, so the null hypothesis (Ho) is accepted and the alternative hypothesis (Ha) is rejected. This shows that the company's liquidity, as measured by the Current Ratio, does not have a significant influence on the company's ability to increase its net profit. Second, Net Profit Margin (NPM) (X2) in the same analysis shows a significant influence on Earnings Growth (Y). The calculated t value for NPM is 1.95, which is greater than the t table value of 1.895, indicating that NPM has a significant influence on Earnings Growth. This indicates that the efficiency of companies in managing their operations and earning net profit from sales has a positive impact on their financial performance. Third, the F test shows that simultaneously, Current Ratio and Net Profit Margin together have a significant effect on the company's profit growth. The result of F count is 6.161 with a significance of 0.002, exceeding the value of F table 4.74. This means that these two factors together have a very strong effect on profit growth, indicating that a combination of healthy liquidity and operational efficiency can provide a strong basis for companies to achieve sustainable growth.

The impact of these findings for companies is the importance of optimizing not only operational efficiency but also ensuring adequate liquidity levels. Companies with a good Current Ratio can better manage financial risks and take advantage of emerging investment opportunities, while a high NPM indicates the company's ability to generate greater net income from its operational activities. By understanding and optimizing these two factors, companies can improve their financial performance and strengthen their position in the market competition. Overall, the findings support the importance of liquidity management and operational efficiency in achieving sustainable profit growth, providing strategic guidance for companies to plan and implement appropriate policies to achieve their financial goals.

To ensure sustainable profit growth, companies must maintain adequate liquidity to meet short-term obligations without compromising potential profit growth by managing short-term liabilities and optimizing current assets. Additionally, companies should continually enhance operational efficiency, which includes optimal resource utilization, productivity improvements, and cost control to increase net profit margins and accelerate profit growth. Future research should consider additional variables that may influence the relationship between current ratio, net profit margin, and profit growth, such as company size, industry structure, economic conditions, and other macro factors, to provide a more comprehensive understanding

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