

ABSTRACT

THE INFLUENCE OF FINANCIAL RATIOS AND CAPITAL STRUCTURE ON PROFIT GROWTH WITH COMPANY SIZE AS A MODERATING VARIABLE

(Empirical Study of Companies in the LQ 45 Index on the Indonesia Stock Exchange)

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This research was conducted to evaluate the impact of financial ratios and capital structure on profit growth in companies listed in the LQ-45 index on the Indonesia Stock Exchange, with firm size as a moderating variable. The research period for this study spans from 2018 to 2022. The independent variables used in this study include financial ratios, consisting of the current ratio and net profit margin. The non-ratio independent variable in this study is the capital structure. Additionally, there is a moderating variable used in this research, which is firm size. The dependent variable is profit growth. The data source used is secondary data, specifically annual financial reports from companies listed in the LQ-45 index on the Indonesia Stock Exchange. The research sample was selected using a nonprobability sampling technique, particularly the purposive sampling method.

The data analysis process was carried out through a series of steps. These steps include multiple linear regression, financial management analysis, descriptive statistics, and classic assumption tests such as normality test, multicollinearity test, heteroskedasticity test, and autocorrelation test. Furthermore, this research also includes panel data regression analysis, determination analysis (R²), and hypothesis testing consisting of t-test (partial) and F-test (simultaneous).

Keyword: Current Ratio, Net Profit Margin, Capital Structure, Company Size and Profit Growth