MODERATION ON FIRM SIZE TOWARD FACTORS AFFECTING PROFIT GROWTH STUDY ON CONSUMER GOODS COMPANIES LISTED IN IDX 2016-2020

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Abstract: This study aims to determine the effects of free cash flow, net profit margin, current ratio, and debt to equity ratio on profit growth of consumer goods companies listed in Indonesia Stock Exchange 2016-2020. Consumer goods industry companies are one of the sectors that play a role in the capital market. As we know, this consumer goods industrial company is a company that produces goods or products of the general public's daily life. Such as, food, beverages, pharmaceuticals, household appliances, cigarettes, and so on. Yolanda & Hendrayani (2019) said that the consumer goods industry sector is a sector that plays an important role in encouraging economic growth in Indonesia. This research applying the firm size as moderating variable. The sample is selected using the technique purposive sampling on 27 chosen companies and secondary sources was used in order to complete this study. The research used a descriptive analysis method as well as utilising SmartPLS software in order to evaluate various data analysis methods. Research showed that net profit margin and current ratio have a significant effect on profit growth. However, the debt to equity ratio does not possess any fundamental influence on profit growth. The size of companies could only moderate the significance between net profit margin with profit growth, but not capable to moderate the significance between the current ratio and debt to equity ratio with profit growth.

Keywords: Profit Growth, NPM, CR, DER, Firm Size

1. Introduction

Every company founded by business people, of course, wants the company to grow and develop into a large company. Especially with the rapid development of the business world today, competition between companies is getting tighter. To deal with this intense competition, each company strives to improve the company's performance so that the company is able to compete and maintain the company's continuity. One of them can be seen from the profits earned by a company every year. If the profit rate of a large company and continues to increase, it can be said that the company has a fairly good performance. (Hasanah et al., 2018).

Consumer goods industry companies are one of the sectors that play a role in the capital market. As we know, this consumer goods industry company is a company that produces goods or products of the daily life of the general public. Such as, food, beverages, pharmaceuticals, household appliances, cigarettes, and so on. Yolanda & Hendrayani (2019) said that the consumer goods industry sector is an important sector in encouraging economic growth in Indonesia. According to Kurniawan et al. (2015) this industrial sector company is classified as

a very stable sector because it is able to survive in any economic condition. It is also said that there are advantages in this industrial sector, namely the level of public demand for in-elastic products, meaning that despite the economic crisis, or inflation, people still need the consumption of daily necessities. It can be said that this sector company can be used as an investment by investors because it is very promising and has quite good prospects.

Profit growth is a percentage increase in the company's profit each period. A company is expected to get maximum profit or increase in profit every period, this is because investors, prospective investors, and creditors will consider it to make investments to the company or not (Suyono & Marina, 2020). According to Andari (2017), Profit is one of the components that is used as information in the decision-making process for both investors and creditors. By investors and creditors, profits are used as a measuring tool to determine the amount of return or return to be received. In addition, profit itself is also used as a tool to measure the success of the company's management performance.

Based on Tamara (2019)sources, said economic growth in the first quarter of 2019 slowed, this was certainly due to slowing growth in household consumption. As a large contribution, household consumption is used as a measuring tool for economic growth, because the rate of consumption growth is directly proportional to the rate of economic growth.

The impact of restrained public consumption is also felt by some issuers or public companies engaged in the consumer sector. In general, the performance of consumer sector issuers is still growing. However, the performance of several large companies, especially those engaged in the food and beverage industry, actually fell in the first quarter of 2019.
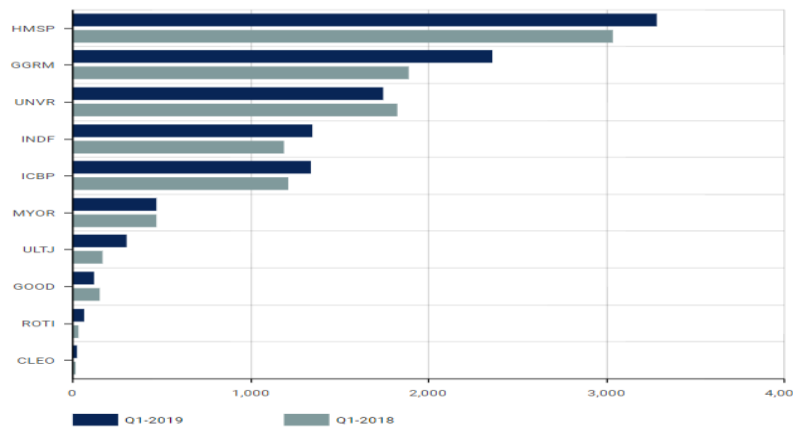
Source: Bloomberg LP. 2019
Figure1. Consumer Sector Issuer's Profit and Loss

Can be seen from figure 1, despite the economic slowdown, there are some companies that experience positive growth, as can be seen in the cigarette industry experiencing profit growth, namely, HM Sampoerna by 8.24% and Gudang Garam by 24.48%. In addition to the cigarette subsector, the food and beverage industry subsector also experienced profit growth, namely Indofood Sukses Makmur Tbk, Indofood CPB Sukses Makmur Tbk, Ultra Jaya Milk Industry & Trading Company Tbk, Nippon Indosari Corpindo Tbk, and Sariguna Primatirta Tbk. But there are also some companies that experience profit reduction such as Unilever Indonesia Tbk by 4.37%, Mayora by 0.51%, and Garudafood Putra Putri Jaya at 19.9%. Based on the above phenomenon, although the consumer goods industry sector is said to be a sector that produces everyday consumer products that are always needed by the community and able to survive in any economic condition. The proof is that there are still people who restrain their consumption, which has an impact on the decline in profits in some companies in this sector. Therefore, researchers use consumer goods industry sector companies as research objects.

One of the factors that influences profit growth is Free Cash Flow. Free Cash Flow is excess cash from operational activities that can be used for payments to shareholders in the form of dividends, expansion, or paying off debt. As for the research conducted to see the effect of Free Cash Flow on profit growth, namely research conducted by Erianti (2019) which showed the results that Free Cash Flow had no effect on profit growth.

In addition to the Free Cash Flowcalculation. Financial ratio analysis can also be used to predict profit growth. Financial ratio analysis itself is the process of observing indexes related to accounting in financial statements that aims to assess the financial performance of a company. The financial ratios used in this study are, profitability ratio, liquidity ratio, and leverageratio. The profitabillity ratio is a ratio to assess a company's ability to seek profit or profit in a given period. The type of ratio used is Net Profit Margin (NPM). Research conducted by Mahaputra (2012), Hamidu (2013), Safitri & Mukaram (2018), Hasanah et al. (2018), Widiyanti (2019), Suyono & Marina (2020), Pane & Wulandari (2020) proved that Net Profit Margin affects profit growth. This contradicts research Fathoni et al. (2012), Sholiha (2013), Sari & Wuryanti (2017) proving bahaw Net Profit Margin has no influence on profit growth.

Liquidity ratio is a ratio used to measure a company's ability to pay off its short-term liabilities or debts in accordance with its maturity. The type of ratio used is the current ratio. Research conducted by Wibowo & Pujiati (2011), Mahaputra (2012), Suyono & Marina (2020), Pane & Wulandari (2020),proves that the Current Ratio affects profit growth. Unlike the sholiha research (2013), Wigati (2020) proves that the current ratio has no effect on profit growth.

Leverage ratio is a ratio used to measure the ratio of funds provided by the owner with funds borrowed from creditors. The type of ratio used is the Debt to Equity Ratio. Research conducted by Mahaputra (2012), Sholiha (2013),provesthat the Debt to Equity Ratio affects profit growth. Unlike the research conducted by Gunawan & Wahyuni (2013), Zanora (2013), Sari & Wuryanti (2017), Hasanah et al. (2018), Widiyanti (2019), Indrasti (2020), Wigati (2020), Suyono & Marina (2020) proves that the Debt to Equity Ratio It has no effect on profit growth.

In addition, researchers also use the company's size as a moderation variable. The size of the company is a big picture of the small amount of a company that can be measured by the amount of assets, profit, and market volume(Agustina, 2016). The research conducted to see the influence of company size as a moderation variable was conducted by several researchers and there were differences in results, where research conducted by Agustina (2016) proved that the size of the company as a moderation variable does not strengthen or weaken the relationship between independent variables and dependent variables. Where independent variables use financial ratios (CurrentRatio, Inventory Turn Over, Leverage, Earning Power, Net Profit Margin),saleslevels, and economic growth. And the independent variable is profit growth. These results are also supported by research conducted by Simamora (2018) proving that the size of the company cannot moderate the influence of financial ratios (CurrentRatio, Debt to Asset Ratio, Total Asset Turn Over, Inventory Turn Over)and Sales Growth to Profit Growth. This is contrary to research conducted by Ariyagraha (2018) proving that the size of the company is able to strengthen the liquidity relationship (Quick Ratio) to profit growth, while leverage (Debt to Equity Ratio), activity ratio (Inventory Turnover) and profitability (Return on Asset, Net Profit Margin) do not moderate. In contrast to research conducted by Wigati (2020),proving that the size of thecompany strengthens the relationship between Current Ratio, Debt To Equity Ratio, Total Assets Turnover and Sales Growth to Profit Growth.

In relation to the background of the above problems and the results of previous research that varied, a study will be held with the title "Moderation of Company Size to Factors Affecting Profit Growth (Study in consumer goods industry sector in IDX 2016-2020)"

Present the background, formulation of the problem, the purpose or objective. It should be formatted using 12 point, Times New Roman, single spaced.

2. Literature Review

Agency and Signalling Theory

Agency theory is the relationship between principal and agent. Where the principal as shareholder and agent as management. Agency theory has the assumption that each individual is solely motivated by his own interests, causing conflict. In this case shareholders with management have different interests. Where shareholders give the task to the company manager to run the business for the benefit of shareholders by increasing the value of the company and the prosperity of the shareholders.

Signalling theory, this explains how a company signals to the owner or user of financial statements. The signal given can be either a positive signal (success) or 12 negative signals (failure). The purpose of using this theory is to avoid information asymmetry that may occur between management and shareholders. The intended information is information about what has been done by management in realizing what the principal (owner) wants.

Net Profit Margin

The profitabillity ratio is a ratio to assess a company's ability to seek profit or profit in a given period. The type of ratio used is Net Profit Margin (NPM). Where this ratio is the ratio used to measure net income after tax then compared tosales volume. The higher net profit margin shows that the greater the profit that a company can get from sales (Agustina, 2016). It is also said that high Net Profit Margin shows that the company gets a large or high profit.

Current Ratio

Liquidity ratio is a ratio used to measure a company's ability to pay off its short-term liabilities or debts in accordance with its maturity. The type of ratio used is the current ratio. Where the Current Ratio is the ratio used to measurethe company's ability to pay its short-term obligations using current assets owned. Simamora (2018) said this level of ratio is usually used as a consideration by investors to make a decision whether to invest in the company or not.

Debt to Equity Ratio

Leverage ratio is a ratio used to measure the ratio of funds provided by the owner with funds borrowed from creditors. The type of ratio used is debt to equity ratio. This rasio is a comparison between debts and equity in corporate funding and shows the ability of its own capital, the company to meet all its obligations. According to Gunawan & Wahyuni (2013) If the debt to equity ratio is too high, it can indicate that a company has excessive debt and is unable to pay off its obligations. Conversely, if the value of this ratio is low or, indicates that the company is in good health and can be said to be the level of the company's financial condition is safe.

Free Cash Flow

Free cash flow is excess cash from operational activities that can be used for payments to shareholders in the form of dividends, expansion, or paying off debt.

Company Size

Accordingto Anggraeni (2017) the size of the company is an indicator used to determine the state of a company. An overview of the company's future performance can be seen from the total assets used by the company to facilitate its operational activities. The size of the company is used as an indicator to assess the good performance of a company. If the size of the company is large, it is considered that the company can continue to improve the performance of its company by trying to increase its profit growth.

Profit Growth

Profit growth is a percentage increase in the company's profit each period. According to Andriyani (2015) profit growth is one of the measuring tools used to assess the performance of a company. Every company certainly hopes that his company can experience an increase in profit every year, which according to Mahaputra (2012) profit growth is an increase or decrease in profits obtained by the company by comparing the current period with the previous period.

Formulation of hypotheses
The Effect of Free Cash Flow on Profit Growth

Free Cash Flow is one of the calculations used to measure a company's profit growth. Free Cash Flow is excess cash from operational activities that can be used for payments to shareholders in the form of dividends, expansion, or paying off debt. Zuhri & Wibowo (2011) said that if the higher the value of fcf owned by the company, then the company's financial condition is in good health because it has cash available for growth, debt relief and dividends. It also said the FCF Value was also used as an assessment that the company's performance was good and could generate more profits. But unlike the research conducted by Erianti (2019) where the results showed that Free Cash Flow has no influence on the profit growth of a company.

H1:   Free Cash Flow has an influence on profit growth

The Effect of Net Profit Margin on Profit Growth

The profitabillity ratio is a ratio to assess a company's ability to seek profit or profit in a given period. The type of ratio used is Net Profit Margin (NPM). Safitri & Mukaram (2018) said Net Profit Margin is a comparison of net income to sales. The higher net profit margin shows that the greater the profit that a company can get from sales (Agustina, 2016). It is also said that high Net Profit Margin shows that the company gets a large or high profit.

This is in line with several studies conducted by several researchers, including research conducted by Mahaputra (2012), Hamidu (2013), (Safitri & Mukaram, 2018), (Hasanah et al., 2018), Widiyanti (2019), (Suyono & Marina, 2020), Pane & Wulandari (2020) proving that Net Profit Margin affects profit growth. This contradicts research fathoni et al. (2012), Sholiha (2013), Sari & Wuryanti (2017) proving bahaw Net Profit Margin has no influence on profit growth.

H2:   Net Profit Margin has an influence on profit growth

The Effect of Curent Ratio on Profit Growth

Liquidity ratio is a ratio used to measure a company's ability to pay off its short-term liabilities or debts in accordance with its maturity. The type of ratio used is the current ratio. Simamora (2018) said this level of ratio is usually used as a consideration by investors to make a decision whether to invest in the company or not. According to Wigati (2020) a company is said to be liquid if the company is able to pay its short-term obligations on time or at maturity. If the company is unable to pay its short-term obligations, then the company can be said to be experiencing liquidity difficulties. The high current ratio will show how effective the company is in singing or paying off its short-term liabilities. So that the higher the current ratio of the company, then the profit obtained by the company also increases.

This is in line with several studies conducted by several researchers, including research conducted by Wibowo & Pujiati (2011), Mahaputra (2012), Suyono & Marina (2020), Pane & Wulandari (2020), proving that the Current Ratio affects profit growth. Unlike the research sholiha (2013), Wigati (2020) proved that the current ratio has no effect on profit growth.

H3:   Current Ratio has an influence on profit growth

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Effect of Debt to Equity Ratio on Profit Growth

Leverage ratio is a ratio used to measure the ratio of funds provided by the owner with funds borrowed from creditors. The type of ratio used is debt to equity ratio. According to Gunawan & Wahyuni (2013) If the debt to equity ratio is too high, it can indicate that a company has 41 excess debts and is unable to pay off its obligations. Conversely, if the value of this ratio is low or, indicates that the company is in good health and can be said to be the level of the company's financial condition is safe.

This is in line with several studies conducted by several researchers, including research conducted by Mahaputra (2012), Sholiha (2013) proving that debt to equity ratio affects profit growth. Unlike the research conducted by Gunawan & Wahyuni (2013), Zanora (2013), Sari & Wuryanti (2017), Hasanah et al. (2018), Widiyanti (2019), Indrasti (2020), Wigati (2020), Suyono & Marina (2020) proved that the Debt to Equity Ratio had no effect on profit growth.

**H4: Debt to Equity Ratio has an effect on profit growth**

Effect of Company Size as Moderation Variable

The size of the company is assumed to achieve greater profits, because it has many resources that managers use in managing the company. According to Yohanas (2014) the size of the company can determine whether or not a company's performance in managing its wealth to generate profits. The greater the number of assets owned, the company will be classified on a large company size and indicated to have high profit growth. This is in line with and in line with research conducted by Wigati (2020) proving that the size of the company is able to moderate the relationship between Current Ratio, Debt to Equity Ratio, Total Assets Turnover, and sales growth to profit growth. This is contrary to research conducted by Ariyagraha (2018) proving that the size of the company is able to strengthen the liquidity relationship (Quick Ratio) to profit growth, while leverage (Debt to Equity Ratio), activity ratio (Inventory Turnover) and profitability (Return on Asset, Net Profit Margin) do not moderate.

H5: The size of the company can moderate the effect of Free Cash Flow, Net Profit Margin, Current Ratio, and Debt to Equity Ratio on profit growth.

Framework of Thought

The following frame of mind is formulated:
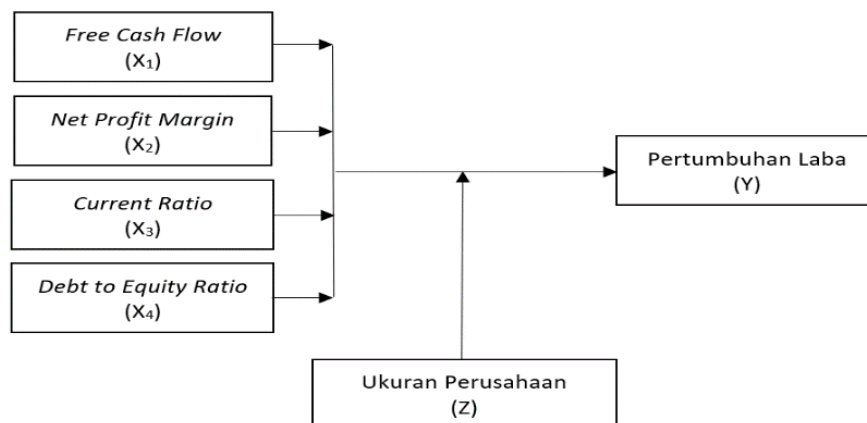
Source: Journal of Developed Research, 2021

Figure 2. Framework of Thought

3. Method

Population and Sample

Populasi in this study is a consumer goods industry sector company listed on the Indonesia Stock Exchange (IDX) during the period 2016-2020. Based on data obtained in 2021,companies that became a population of 63 companies. The sampling technique used in this study is *purposive sampling*. The sample selection criteria are as follows:

Table 1. Sampling Criteria

No.	Sampling Criteria	Number of companies
1	Companies registered with IDX period 2016-2020	63
2	Companies that IPO after January 1, 2016	(23)
3	Companies experiencing losses for the period 2016-2020	(13)
4.	Companies that do not have complete financial statements	(0)
Number of samples		**27**

Source: Processed data, 2021

Operational Research Variables

In this study, the free variables and bound variables to be used consisted of:

Free Cash Flow (X_1)

Free cash flow is excess cash from operational activities that can be used for payments to shareholders in the form of dividends, expansion, or paying off debt. The formula for free cash flow according to Guinan (2010) is as follows:

$$FCF = FCFi,t = AKOi,t - BMi,t$$

Net Profit Margin (X_2)

Net Profit Margin is the ratio used to measure net income after tax compared to sales volume. This ratio can be calculated by the formula:

$$NPM = \frac{\text{Profit After Tax}}{\text{Net Sales}}$$

Current Ratio (X_3)

Current Ratio isan erupakan ratio used to measure a company's ability to pay its short-term obligations using current assets owned. Current Ratio can be calculated with the formula:

$$CR = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Debt to Equity Ratio (X_4)

This ratio is a comparison between debts and equity in the company's funding and shows the ability of the company's own capital to meet all its obligations. This ratio can be calculated by the formula:

$$DER = \frac{\text{Total Debt}}{\text{Equity}}$$

Profit Growth (Y_1)

Profit growth is a percentage increase in the company's profit each period. According to Andriyani (2015) profit growth is calculated by reducing net income this year with the previous year's net profit divided by the previous year's net profit. The formula used to calculate profit growth is as follows:

$$\text{Profit Growht} = \frac{Yt - Yt - 1}{Yt - 1}$$

Company Size (Z_1)

Firmsize ismeasured by the logarithm of the company's assets. The size of the company can be formulated as follows:

$$\text{Size} = \text{Ln. Total Assets}$$

Data Analysis Techniques

Descriptive Analysis

According to Ghozali (2018) descriptive statistics provide an overview or description of a data seen from the mean value, standard deviation, variant, maximum, minimum, sum, range, kurtosis and skewness (distribution gap). The study used minimum, maximum, average, and standard deviation.

Normality Test

The normality test aims to test whether in regression models, confounding or residual variables have a normal distribution. To see a regression model that is normal or near normal, use a statistical test with a view of normal propability plot or PP Plot graph test (Ghozali, 2018).

Multicollinearity Test

The multicolonierity test aims to test whether regression models find correlations between independent variables. A good regression model should not occur correlations among independent variables. If the tolerance value ≤ 0.10 and the VALUE OF VIF ≥ 10, it indicates the existence of multicolonierity (Ghozali, 2018).

Autocorrelation Test

The autocoeration test aims to test whether the linear regression model has a correlation between a nuisance error in the t period and a nuisance error in the (previous) t-1 period. The autocorrelation deciation can use the Durbin Watson Test, with the criteria du < d < 4 –du (Ghozali, 2018).

Heteroskedasticity Test

The heteroskedasticity test aims to test whether in regression mode there is variance inequality from residual one observation to another. A good regression model is homoskesdaticity or no heteroskedastisity (Ghozali, 2018).

Coefficient of Determination$^{(R2)}$

This model aims to measure how far the model's ability to explain and explain variations in dependent variables. As for the assessment criteria, if the value of the coefficient of determination of 50 is greater then the ability of independent variables in explaining dependent variables will be better. The range of determination coefficient values ranges between 0 and 1. R2 values ranging from 0 to 1 mean independent variables provide almost all the information needed to predict variations in dependent variables (Ghozali, 2018).

Simultaneous Test (Test F)

The F test is conducted to test the significance of the model simultaneously or together, i.e. looking at the influence of all independent variables on dependent variables (Ghozali, 2018). The decision-making criteria are as follows:

If F calculates the > F of the table or a significant value < 0.05, then H0 is rejected and Ha is accepted, meaning that independent variables together have an effect on dependent variables.

If F calculates the < F of the table or a significant value < 0.05, then H0 is accepted and Ha is rejected, meaning that independent variables together have no effect on dependent variables.

Partial Test (T Test)

The t test is performed to partially test the significance of the model, i.e. looking at the influence of individually independent variables on dependent variables (Ghozali, 2018). The basis of the decision-making test t is as follows:

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If Sig t < 0.05, then H0 is rejected and Ha is accepted, meaning that independent variables have a significant effect on dependent variables.

If Sig t > 0.05, then H0 is accepted and Ha is rejected, which means that independent variables have no significant effect on dependent variables.

Moderated Regression Analysis

According to Ghozali (2018) there are 3 (three) methods used to perform regression tests with moderating variables, namely interaction tests, absolute difference value tests and residual tests. The moderate variable test with the interaction test and the absolute difference test have the tendency to occur high multicollinearity between independent variables. To overcome this multicollinerity, another method is developed called residual testing. In this study used residual test methods in performing regression tests with moderating variables. As for the criteria for whether a variable can moderate as follows: a) If the probability value > 0.05, then Z is unable to moderate the relationship X and Y b) If the probability value < 0.05, then Z is able to moderate the relationship X and Y.

4. Result and Discussion

Descriptive Analysis

Descriptive analysis and frequency distribution of the research model can be seen in table 2 below.

Table 2. Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
free cash flow	135	-2628242	19204266	1529858.50	3539793.857
net profit margin	135	.00075	1.90099	.1189804	.17570103
current ratio	135	.60563	8.63784	2.8004150	1.77544446
debt to equity ratio	135	.08330	4.94652	.8390551	.76492233
profit growth	135	-.99839	7.04082	.2069003	.87766309
size of the company	135	13.55087	30.74739	22.3051621	5.77364712
Valid N (listwise)	135				

Source: Processed data, 2021

Free Cash Flow

The value of free cash flow variables from 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is -2628242 obtained from Kimia Farma Tbk. (KAEF). The maximum value is 19204266 obtained from H.M. Sampoerna Tbk. (HMSP). The average value obtained from this variable is 1529858.50 with a standard deviation value of 3539793.857.

Net Profit Margin

The net profit margin of 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is 0.00075 obtained from Chitose International Tbk. (CINT). The maximum value is 1.90099 obtained from Merck Tbk. (MERK). The average value obtained from this variable is 0.1189804 with a standard deviation value of 0.17570103.

Current Ratio

The minimum current ratio variable value of 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is 0.60563 obtained from Unilever Indonesia Tbk. (UNVR). The maximum value is 8.63784 obtained from Delta Djakarta Tbk. (DLTA). The average value obtained from this variable is 2.8004150 with a standard deviation value of 1.77544446.

Debt to Equity Ratio

The minimum value of the variable debt to equity ratio of 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is 0.08330 obtained from the Jamu and Pharmaceutical Industry company Sido Muncul Tbk. (SIDO). The maximum value is 4.94652 obtained from Merck Sharp Dohme Pharma Tbk. (SCPI). The average value obtained from this variable is 0.8390551 with a standard deviation value of 0.76492233.

Profit Growth

The minimum value of variable profit growth from 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is -0.99839 obtained from Kimia Farma Tbk. (KAEF). The maximum value is 7.04082 obtained from Merck Tbk. (MERK). The average value obtained from this variable is 0.2069003 with a standard deviation value of 0.87766309.

Company Size

The minimum value of variable profit growth from 135 consumer goods industry sector companies listed on the Indonesia Stock Exchange for the period 2016-2020 is -0.99839 obtained from Kimia Farma Tbk. (KAEF). The maximum value is 7.04082 obtained from Merck Tbk. (MERK). The average value obtained from this variable is 0.2069003 with a standard deviation value of 0.87766309.

Multicollinearity Test

Table 3. Inner VIF Values Test Results

VARIABLE	VIF	INFORMATION
FREE CASH FLOW (X1)	10.041	Multicollinearity occurs.
NET PROFIT MARGIN (X2)	1.779	There is no multicollinearity.
CURRENT RATIO (X3)	1.568	There is no multicollinearity.
DEBT TO EQUITY RATIO (X4)	2.318	There is no multicollinearity.
COMPANY SIZE (Z)	2.955	There is no multicollinearity.

Source: Processed data, 2021

Based on table 3 above, it can be concluded that the free cash flow variable has a VIF value of > 10, so it can be said that the variable occurs symptoms of multicollinearity. As for *the variable net profit margin, current ratio, debt to equity ratio,* and the size of the company has a VIF value of < 10, so it can be said that the four variables are free from the symptoms of multicollinearity. Therefore, the *free cash flow* variable was excluded from this study. Here are the results of multicollinearity retesting without including the free cash flowvariable.

Table 4. *Inner VIF Values* Retest Results

VARIABLE	VIF	INFORMATION
NET PROFIT MARGIN (X1)	1.720	There is no multicollinearity.
CURRENT RATIO (X2)	1.496	There is no multicollinearity.
DEBT TO EQUITY RATIO (X3)	2.276	There is no multicollinearity.
COMPANY SIZE (Z)	1.441	There is no multicollinearity.

Source: Processed data, 2021

Based on table 4, it can be concluded that the variables *of net profit margin, current ratio, debt to equity ratio,* and the size of the company have a VALUE OF VIF < 10, so it can be said that the four variables are free from the symptoms of mulitkolinearity.

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Coefficient of Determination$^{(R2)}$

Table 5. R Square Adjusted Test Results

	R Square Adjusted
PROFIT GROWTH (Y)	0.434

Source: Processed data, 2021

Based on table 5, the value of R Square Adjusted of 0.434 or 43.4%, so it can be interpreted that the ability of independent variables*(net profit margin, current ratio, debt to equity ratio,*and company size) describes dependent variables (profit growth) is 43.4%, while the remaining 56.6% (100%-43.4%) is described by other variables not studied in this study.

Path Analysis

Table 6. *Path Coefficients (Bootstrapping)* Results

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Conclusion
NET PROFIT MARGIN (X1)-> PROFIT GROWTH (Y)	0.820	0.642	0.324	2.532	0.012	Significant
CURRENT RATIO (X2) - > PROFIT GROWTH (Y)	-0.211	-0.199	0.104	2.035	0.042	Significant
DEBT TO EQUITY RATIO (X3) -> PROFIT GROWTH (Y)	-0.072	-0.103	0.089	0.811	0.418	Insignificant
COMPANY SIZE (Z)-> PROFIT GROWTH (Y)	0.192	0.138	0.106	1.815	0.070	Insignificant
X1*Z -> PROFIT GROWTH (Y)	0.528	0.429	0.208	2.538	0.011	Significant
X2*Z -> PROFIT GROWTH (Y)	-0.092	-0.103	0.113	0.811	0.418	Insignificant
X3*Z -> PROFIT GROWTH (Y)	-0.107	-0.155	0.162	0.665	0.506	Insignificant

Source: Processed data, 2021

Based on the results of the analysis of the path obtained the following data:
$Y = 0.820 X1 - 0.211 X2 - 0.072 X3 + 0.192 Z + 0.528 X1*Z - 0.092 X2*Z - 0.107 X3*Z$

Hypothesis Test (Test t)
The Effect *of Net Profit Margin* on Profit **Growth**
Based on the data contained in table 5 it is known that the *Net Profit Margin* variable has a P *Value* of 0.012 while the alpha value of 0.05. The value of 0.012 < 0.05, it can be concluded that Ho was rejected, Ha accepted. This shows that *Net Profit Margin has* a significant effect on Profit Growth.

The Effect *of Current Ratio* on Profit **Growth**
Based on the data contained in table 5 it is known that *the Current Ratio* variable has a P *Value* of 0.042 while the alpha value of 0.05. The value of 0.042 < 0.05, it can be concluded that Ho was rejected, Ha accepted. This 74 indicates that *the Current Ratio has* a significant effect on Profit Growth.

Effect of *Debt to Equity Ratio* on Profit Growth

Based on the data contained in table 5 it is known that the *Variable Debt to Equity Ratio* has a P *Value* of 0.418 while the alpha value of 0.05. The value of 0.418 > 0.05, it can be concluded that Ho was accepted, Ha was rejected. This shows that *the Debt to Equity Ratio* has no significant effect on Profit Growth.

Effect of Company Size as Moderation Variable

Based on the data contained in table 5 it is known that the variable moderation net profit *margin* to profit growth has a P *Value* of 0.011, the moderation of current *ratio* to profit growth has a P *value* of 0.418, the moderation of debt to equity *ratio* to profit growth has p *value*. 0.506. Based on the above data, it can be concluded that the size of the company only moderates the net *profit margin* relationship to profit growth, because the value of P *value* or significant value is smaller than the value of *alpha* (0.011 < 0.05), and the size of the company is not able to moderate the relationship between *current ratio* (0.418 > 0.05), *debt to equity ratio.* (0.506 >0.05) to profit growth because the value of P *Value* or significant value is greater than the alpha value.

Discussions

Effect of *Net Profit Margin* on Profit Growth

Based on the tests that have been done, it can be concluded that *Net Profit Margin* has a positive and significant effect on profit growth. Significantly influential shows that a high net *profit margin* rate will result in good profit growth. The higher net *profit margin* shows that the greater the profit that a company can get from sales (Agustina, 2016). It is also said that high *Net Profit Margin* shows that the company gets a large or high profit.

This is in line with several studies conducted by several researchers, including research conducted by Mahaputra (2012), Hamidu (2013), (Safitri & Mukaram, 2018), (Hasanah et al., 2018), Widiyanti (2019), (Suyono & Marina, 2020), Pane & Wulandari (2020) proving that *Net Profit Margin* affects profit growth. But not in line with research Fathoni et al. (2012), Sholiha (2013), Sari & Wuryanti (2017) prove thatwa Net *Profit Margin* has no influence on profit growth.

The Effect *of Current Ratio* on Profit Growth

Based on the results of tests that have been done, that there is a negative and significant *influence on current ratio* on profit growth. This means that a high *Current Ratio* does not necessarily have a positive impact on the growth of a company's profit, because any increase in the value of the Current *Ratio,*can reduce the growth ofa company's profit. The company's ability to meet its short-term obligations is not in line with the company's ability to create desired profit growth.

This is in line with several studies conducted by several researchers, including research conducted by Wibowo & Pujiati (2011), Mahaputra (2012), Suyono & Marina (2020), Pane & Wulandari (2020), proving that the *Current Ratio* affects profit growth. But not in line with sholiha research (2013), Wigati (2020) proves that *the current ratio* has no effect on profit growth.

Effect of *Debt to Equity Ratio* on Profit Growth

Based on the results of tests that have been conducted, it shows that *the Debt to Equity Ratio* has a negative and insignificant debt to *equity ratio* on profit growth. This means that the small value of debt to equity *ratio* does not affect the growth of a company's profit. This is not in line with research conducted by Mahaputra (2012), Sholiha (2013) proving that *debt to equity ratio* affects profit growth. But in line with research conducted by Gunawan & Wahyuni (2013),

Zanora (2013), Sari & Wuryanti (2017), Hasanah et al. (2018), Widiyanti (2019), Indrasti (2020), Wigati (2020), Suyono & Marina (2020) proved that *the Debt to Equity Ratio* had no effect on profit growth.

Effect of Company Size as Moderation variable
Based on the results of the tests that have been done, it can be seen that the size of the company is only able to moderate the relationship between *Net Profit Margin* to profit growth. Can be seen from the regression coefficient, any increase in interaction between Net Profit *Margin* and the size of the company, able to increase the value of profit growth. Then the size of the company was not able to moderate the relationship between *the Current Ratio, Debt to Equity Ratio* to profit growth. Based on research data it is known that not always companies with larger total assets will result in greater profit growth, then companies with smaller total assets do not always produce smaller profit growth. The opportunity to obtain profit growth is not determined by the large number of assets owned by the company.

This is not in line with research conducted by Wigati (2020) proving that the size of the company is able to moderate the relationship between *current ratio, debt to equity ratio, total assets turnover,* and sales growth to profit growth.

But in line with research conducted by several researchers who use similar variables, namely *Current Ratio* and Debt to *Equity Ratio.* Research conducted by Simamora (2018) that proves that the sizeof the company cannot moderate the influence of financial ratios*(Current Ratio, Debt to Asset Ratio, Total Asset Turn Over, Inventory Turn Over)*and Sales Growth to Profit Growth. Zulfikar's research results (2020) show that the size of the company cannot moderatethe relationship between financial performance variables*(Net Profit Margin, Return on Asset, Return on Equity, Current Ratio, Debt to Asset Ratio, Debt to Equity Ratio, and Total Asset Turn Over)*to lab growth.

5. Conclusions

This research aims to analyze the effect of Net Profit Margin, Current Ratio, Debt to Equity Ratio on profit growth, with the size of the company as a moderation variable in consumer goods consumption industry companies listed on the Indonesia Stock Exchange for the period 2016-2020. Based on the formulation of the problem, the conclusion of the research results is as follows: (1) Net Profit Margin affects profit growth in Consumer Goods Industry Companies listed on the IDX for the period 2016-2020. (2) Current Ratio affects profit growth in Consumer Goods Industry Companies listed in idx for the period 2016-2020. (3) Debt to Equity Ratio has no effect on profit growth in Consumer Goods Industry Companies listed on the IDX for the period 2016-2020. (4) The size of the Company is only able to moderate the relationship between Net Profit Margin to profit growth. And unable to moderate the relationship of Current Ratio and Debt to Equity Ratio to profit growth in Consumer Goods Industry Companies listed on the IDX for the period 2016-2020.

Based on the research that has been done, there are still some limitations, including (1) The population used in this study is limited to consumer goods industry companies. (2) In this study, the data used was not normally distributed. So that the research continued by using the Smart PLS application. (3) In this study, one of the independent variables, free cash flow, there were symptoms of multicolienarity. Therefore, these variables are not included in the data processing.

Based on research conducted on Net Profit Margin, Current Ratio, Debt to Equity Ratio on profit growth, with the size of the company as a moderation variable in consumer goods consumption industry companies listed on the Indonesia Stock Exchange for the period 2016-2020 and from the conclusions that have been spelled out. So the researcher wants to provide

advice that is expected to be useful for further research, namely: (1) For the Company, it is expected that each company can continue to maintain and improve financial performance every year in order to attract investors to invest in the company. (2) For investors, it is expected that every investor to be careful in buying and investing in company shares by considering the company's financial information and performance to avoid the risk of companies that have poor performance. (3) For Further Researchers, researchers are expected to add other variables that can help strengthen previous studies. Researchers are also advised to expand the population and sample and the period of research to be studied because it can affect the results of the research model.

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