
THE EFFECT OF CURRENT RATIO AND DEBT TO EQUITY RATIO ON EARNINGS GROWTH WITH COMPANY SIZE AS A MODERATING VARIABLE



Ummu Azhar Fadillah¹

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia

ummuazhrfdlh@gmail.com

Edi Joko Setyadi²

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia

ej_setyadi@yahoo.co.id

Sri Wahyuni³

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia

yuni_7067@yahoo.co.id

Rezky Pramurindra⁴

Universitas Muhammadiyah Purwokerto, Purwokerto, Indonesia

rezky.pramurindra@gmail.com

Abstract

This study aims to analyze the effect of Current Ratio and Debt to Equity Ratio on profit growth, with firm size as a moderating variable, in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The research employs a quantitative approach, using Moderated Regression Analysis (MRA) as the data analysis technique. A total of 101 samples were obtained through purposive sampling. The analysis results indicate that the Debt to Equity Ratio has a negative effect on profit growth, while the Current Ratio has no significant effect. Furthermore, firm size is proven to moderate the effect of the Debt to Equity Ratio on profit growth, but it does not moderate the relationship between the Current Ratio and profit growth. This research provides a theoretical contribution to the development of financial literature and offers practical insights for company management and investors in making strategic decisions.

Keywords: Current Ratio, Debt to Equity Ratio, Profit Growth, Company Size

INTRODUCTION

Earning profits is the primary objective of setting up a corporation. This is known as business objective or profit-oriented. Profit is another positive part between revenue and expenses, which reflects the profits generated originating from the enterprise's operational functions (Kalsum, 2021). Profit can also be used to measure the advancement of a business entity over a defined time range and to show how well management is managing it over a certain period of time. Every business entity generally targets sustainable profit growth from year to year but in reality, they cannot be sure how much profit estimate the company will achieve in the next operational year (Aisyah & Widhiastuti, 2021).

Profit growth, which indicates the instability in the profit percentage rate generated from an entity, is a useful indicator and is used by financial managers to assess the financial performance process in a place like a company. A sustained increase in profit growth is considered a beneficial signal, given its ability to boost the appeal to investors to allocate their investment in the business entity in question. As a result, to forecast the upcoming surge in net profit, a model is needed. To determine profit growth, companies can use financial data books, which include financial performance data such as income statements, capital change data, as well as financial position and cash activity statements, reflecting the company's operational activities and acting as a medium to evaluate the corporation's overall monetary results. Using an assessment consisting regarding the financial side ratio system, this information is created by the entity for the purpose of analysis either by parties inside or outside the company for economic decision-making (Kartika et al., 2020).

One of the global issues affecting the growth in income of enterprises in the food and beverage segment in the 2021-2023 period is the increase in inflation and a significant increase in the price of raw materials. This increase was triggered by global supply network instability and global political unrest such as the geopolitical tension in Eastern Europe between Russia and Ukraine and surge in fluctuations of energy charges and agricultural raw materials such as wheat, vegetable oil, and sugar. This has an immediate effect on the increasingly significant production costs of food and beverage companies. Many companies are under pressure on profit margins because not all are able to directly adjust the selling price of their products to consumers. According to a report from the Wall Street Journal (2025), large food companies such as Conagra Brands recorded input inflation of up to 7% and additional costs of around 3% due to aluminum and steel tariffs (Hart & Newman, 2025). To reduce this pressure, companies carry out various strategies, such as selectively raising product prices and looking for alternative raw materials. Meanwhile, a Bloomberg report (2023) shows that global companies such as Nestlé and Unilever are raising the selling price of their products to maintain profitability, although this strategy has led to a decline in sales volume. On the other hand, small and medium-sized companies have a harder time adjusting prices, making them more susceptible to declining profits. This phenomenon is also supported by data from Wikipedia (2024) which notes that since 2021, the profit margins of global food and beverage companies have increased by about 2 percentage points due to strategies such as shrinkflation—reducing the size of product packaging while maintaining prices. Overall, global inflation and rising raw material prices were important factors influencing the growth in net income dynamics belonging to firms in the food and beverage sector during the period.

Analysis of factors that affect profit expansion is a key factor in analyzing the company's financial condition more deeply, then for the first factor, namely *Current Ratio*, CR in describing the competence of business entities in paying current obligations through utilizing current assets

(Sukamulja, in Limesta & Wibowo, 2021). According to the research results of Kalsum (2021), Marita & Ni'am (2023), Widhiastuti & Noviana (2024) emphasized that *the Current Ratio* has a positive effect on profit growth and based on Indaryani et al., (2022), Fahmi (2023), Firly et al., (2023) it is emphasized that *the Current Ratio* has no effect on Profit growth.

Then what influences profit growth is that *the DER* plays a role in influencing profit growth because it shows the proportion of company asset funding from owner's equity and those funded by creditors (Darminto, in Widiyanti, 2022). According to the results of the research of Amalia et al., (2022), Sulbahri (2020) emphasized that *the Debt to Equity Ratio* has a positive effect on profit growth. Meanwhile, Siregar et al., (2023), Septiani et al., (2021), Mas'ud et al., (2024) emphasized that *the Debt to Equity Ratio* has no effect on profit growth.

Companies of larger sizes generally have wider access to better resources, technology, financing, and risk management. This condition allows large companies to be better able to optimize liquidity, capital structure, and asset efficiency in driving profit growth. In contrast, companies of smaller sizes tend to have limitations in managing finances and face external challenges such as market volatility, inflation, and changes in consumer demand. Therefore, although financial ratios such as current ratios and debt to equity ratios show good value, their impact on profit growth can differ depending on the size of the company. Taking this into account, business size acts as a moderation variable to test whether the scale of the business strengthens or dampens the association between financial ratios and the growth of profits (Wahyudi et al., 2023).

Thus, the first factor that affects profit growth is *the Current Ratio* with company size as a moderation variable. Optimally scaled entities are generally considered to have better managerial systems and financial controls, as well as wider access to resources. Therefore, in relation to the topic under study, company size acts as a moderation variable to assess the extent to which the company is able to moderate the influence of the Current Ratio on profit growth. According to the results of the study Diyanti & Anwar (2021), V. I. Wigati & Sitinjak (2024) and Damayanti et al. (2024) states that the size of the company can moderate the influence of *the Current Ratio* on profit growth, meanwhile according to research from Karno (2024), Elfia et al., (2025) and Louw (2023) who said that the size of the company cannot moderate the influence of *the Current Ratio* on profit growth.

The next factor that affects profit growth is *the Debt to Equity Ratio* along with the size of the company which is a moderation variable and the level of effectiveness of debt use can be influenced by the scale of the enterprise. So, company scale functions as a moderation variable to see whether the size of a company is able to moderate or not the effect of the Debt to Equity Ratio on profit growth. A relatively large company is usually considered to be more able to manage risk, have broad access to financing sources, and have a more complex managerial system so that it is assumed that it can use debt more productively. According to the results of the study Sulbahri (2020), Damayanti et al. (2024) and Avianty & Kristianto (2025) explained that the size of the company can moderate the influence of *the Debt to Equity Ratio* on profit growth. Meanwhile it is in accordance with the opinion Athira & Murtanto (2022), Tamba & Hutagalung (2024) and As'ari & Pertiwi (2021) explain that the size of the company cannot moderate the influence of *the Debt to Equity Ratio* on profit growth.

The research written has several differences when compared to the previous study, namely Siswanto et al., (2022) which examined the effect of financial comparison In relation to the increase in profits of transportation sub-sector entities listed on the Indonesia Stock Exchange, whereas This research examines food and beverage businesses registered on the Indonesia Stock Exchange. Then in terms of the variables of the previous research, three independent variables

were used, including Debt to Equity Ratio, return on Asset and company size, with profit growth as a dependent variable, while this study uses the Debt to Equity Ratio variable but also adds the Current Ratio and introduces the Company Size into a moderation variable, so the approach is more complex. Furthermore, in terms of analysis methods, previous research utilized several linear regression modeling was used to determine the simultaneous and partial influence between variables, while the in this research, the analytical method implemented is the Moderated Regression Analysis (MRA) technique with a classical linear regression approach to test the influence of variable *moderation*.

In this research, it is important to offer more comprehensive insight into how financial ratios such as the Current Ratio and Debt to Equity Ratio affect the company's profit growth, especially in the context of the food and beverage industry which is facing the challenge of inflation and surging production costs. By including the magnitude of the firm considered as a moderation variable, the study conducted was also able to illustrate whether the scale of the business strengthens or weakens the effect of financial ratios toward profit growth. Findings from this research are expected to not only make a theoretical contribution in the development of the financial literature, but also become a practical reference for company management and investors in the development of strategic plans in the midst of global economic uncertainty.

REVIEW OF LITERATURE

Signaling Theory

Signaling theory argues that those involved and have more complete information, such as company management, can convey signals to non-internal entities like investors for reducing the asymmetrical flow of information. The signal can be in the form of actions or the delivery of certain information that reflects the circumstances and prospects of the company (Spence, 1973). According to the Signaling theory, financial statements that companies provide to outside parties to reduce unequal access to information between various parties between internal and external parties (Istiqomah & Andayani, 2023). Signal theory explains that financial ratios are used to transfer signals to investors regarding the potential growth of a company's profit, which means prioritizing the rate of profit growth while maximizing financial reporting. As a result, signaling theory represents the condition of the company by sending strong market signals by investors to buy shares based on prospects and performance evident in the firm's financial information according to the *Debt to Equity Ratio*, *Current Ratio* in increasing profit growth (Hoesada, 2022).

Profit Growth

Profit growth is a indicator used to quantify an organization's capability to provide higher net profits than those recorded in the past year (Harahap, in Putri & Sitohang, 2022). Profit growth refers to the main parameters that are indicators of the entity's operational performance and the efficiency of management actions in running the company. The increase in profit reflects the company's success in achieving operational performance targets which are inseparable based on the influence of macroeconomic components including controlled rising prices, turnover, corporate size and managerial potential in managing assets and liabilities (Amrullah & Widyawati, 2021).

Current Ratio

According to Elisa & Riduwan (2021), Current Ratio refers to a company's capacity to use current assets in carrying out its short-term financial obligations. This is included in the liquidity ratio that is always used. If the issuer's Current Ratio is high, then the profit generated by the company will be good. If there are no liquidity problems, the company's management will not

manipulate profits Asrida et al., (2022) Current Ratio plays a role in measuring a firm's capability in addressing its short-term payment responsibilities through the ratio between current liabilities and available current assets.

Debt to Equity Ratio

The Debt to Equity Ratio illustrates the system of funding a corporate holdings funded using debt financing when compared relative to funding taken from controlling entities (Darminto, in Arigita & Aprilyanti, 2024). A low debt-to-equity ratio is considered more favorable because it reflects a low proportion of asset funding from debt, so that the interest burden borne by the company is lighter. This condition can drive increased profit growth, which indicates that the ratio has the potential to affect the company's profit growth.

Company Size

Classification of company sizes groups companies according to the scale of small, medium, and large businesses based on the accumulated assets owned by the business entity (Andini, 2024). Small-scale business entities tend to contain smaller-scale competitiveness than large companies (Razak et al., 2021). Therefore, the growth of the size of the company is in line with the increasing opportunities in generating profits, which in turn opens up the possibility of profit growth.

The Effect of Current Ratio on Profit Growth

The high CR reflects the advantages of current assets; this is not always positive because it can indicate the lack of optimal asset management in generating profits. According to signaling theory, a healthy investors perceive liquidity ratios as an encouraging sign of the company's managerial is running effectively and the company has promising profit growth indications prospectively (Wardani & Yando, 2020). This explanation is then strengthened by the research of Wardani & Yando (2020), Kalsum (2021), Aisyah & Widhiastuti (2021), Marita & Ni'am (2023) explaining that *the Current Ratio* has a positive effect on profit growth, so the hypotheses used are:

H₁: Current Ratio has a Positive Effect on Profit Growth

The Effect of Debt to Equity Ratio on Profit Growth

A high *Debt to Equity Ratio* does not necessarily reflect poor financial conditions, especially if the company has the capability to leverage debt to support operations and increase sales. In such situations, the income generated can cover the interest expenses. Based on signaling theory, a corporate capital arrangement, which includes the debt-to-equity ratio, can signal to investors about financial strategies and potential future profitability. An effectively managed *Debt to Equity Ratio* reflects management's confidence in the corporate competence in making profits and fulfilling its long-term obligations. Findings from prior research have indicated that Megasari et al., (2018), Amalia et al., (2022), Sulbahri (2020) *Debt to Equity Ratio* has a positive effect on profit growth, so this study uses the following hypothesis:

H₂: Debt to Equity Ratio has a Positive Effect on Profit Growth

The Effect of Current Ratio on Profit Growth with Company Size as a Moderation Variable

Large corporations have a strong foundation and are usually resistant to external problems, such as economic uncertainty. With larger overall assets/assets, large companies tend to be able to make higher profits. This makes high-value companies superior to carrying out short-term obligations compared to small companies (Pratama, 2023). According to signaling theory, the size in a business context, it reflects a favorable sign to investor. Large-scale companies are generally associated with stability and solid financial performance. Therefore, when large companies show a healthy Current Ratio, it strengthens the signal to investors, that the company has promising profit growth prospects. Based on the analysis of Damayanti et al., (2024) stated that if the size of

the company is able to moderate the influence of the *Current Ratio* on profit growth, then the hypothesis used in the study can be determined, namely:

H3: Company Size is able to moderate the influence of *Current Ratio* on Profit Growth
The Effect of *Debt to Equity Ratio* on Profit Growth with Company Size as a Moderation Variable

Companies which retain an increased *Debt to Equity Ratio* get financing from creditors rather than from their own wealth. Profitable companies have quality finances. In the context of signaling theory, capital structures such as the *DER* are a sign perceived by investors. When the corporation continues to show good financial performance even though it has an *optimal DER*, which gives a positive signal that management is confident in the company’s proficiency in addressing risk exposure and achieve earnings by means of external financing. From the investors’ perspective, the company is regarded as an entity that dares to take measurable risks for expansion and profit growth. Therefore, based on signaling theory and the view that external financing can be used productively. Based on previous research that stated that the size of the company is able to moderate the influence of the *Debt to Equity Ratio* on profit growth. (Sulbahri, 2020), so that the hypothesis in this study was obtained, namely:

H4: Company Size is able to moderate the effect of *Debt to Equity Ratio* on Profit Growth

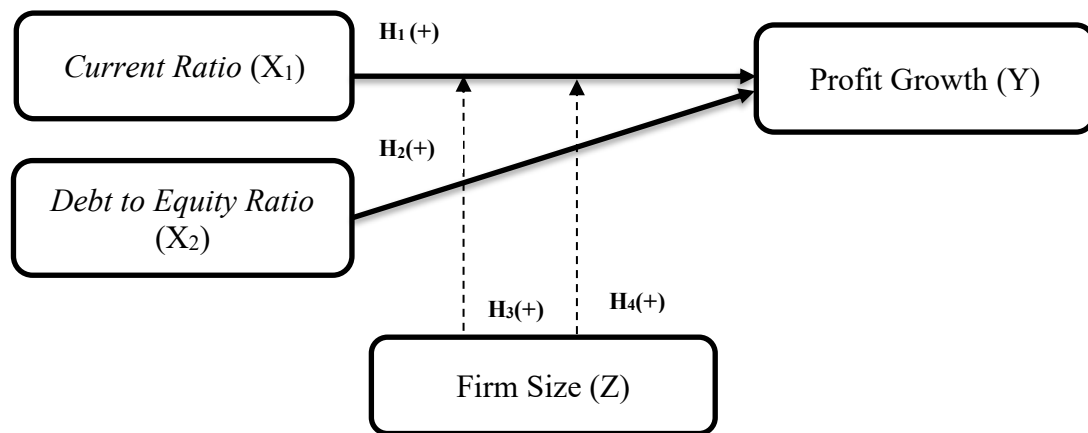


Figure 1.
Research Framework

RESEARCH METHOD

The application of quantitative methods with financial comparison data retrieved from the analysis of the financial reports of a company included in the IDX listing, the data of which is obtained from the official website www.idx.co.id. The period 2021-2023 and Purposive sampling to determine samples according to the criteria, including:

Table 1.
Sampling Criteria

No	Sampling Criteria	Amount
1.	Companies in the beverage and food sub-sector listed on the IDX for the period 2021 to 2023.	95
2.	Inconsistent beverage and food sub-sector companies publish annual financial statements on the IDX from 2021 to 2023.	(29)

3. Companies in the beverage and food sub-sector which suffered losses (negative net profit).	(28)
Final quantity of sample companies	38
Total company observation data in a 3-year period	114
Data affected by outliers	(13)
Number of samples obtained	101

Source: (Data processed by the author,2025)

Operational Definition of Variables and Variable Measurement

Profit Growth

The rate of profit growth which means the dependent variable is calculated using the percentage increase in the firm's profit. The calculation of profit growth is carried out through the reduction of profit in the increase in profit is determined by comparing the current and prior period profits, with the difference divided by the prior profit (Fadhilah, in Septiyarina, 2022). The ratio scale used to calculate the profit growth rate, as stated by Fadhilah in Septiyarina (2022) is as follows:

$$\text{Profit Growth} = \frac{\text{Profit Now} - \text{Previous Period's Profit}}{\text{Previous Period's Profit}}$$

Current Ratio

An analysis tool to assess the enterprise's competence in carry out near term debt responsibilities calculated through the comparison of total current assets to total current debt. In a more up-to-date version, the CR can be adjusted by subtracting the inventory and receivables components of current assets in order to obtain a more conservative description of the company's liquidity (Kasmir, 2020). The formula used is as follows:

$$\text{Current Ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Debt to Equity Ratio

Debt to equity is used to assess the amount of debt compared to equity by recording short-term or long-term debt. The ratio is an overview of the quality of the owner's capital as the basis for guaranteeing the loan, and shows the amount of data by creditors compared to the owner's funds. (Kasmir, 2020). The formula used is:

$$\text{DER} = \frac{\text{debt}}{\text{equity}}$$

Company size

Total business entity assets. The capacity of these assets is the main support in carrying out operational activities, including business expansion. The company's scale is in line with the amount of assets which reflects the potential for ease of development in the capital market to attract investor interest (Louw, 2023). Measurement Company size can use formulas, namely:

$$\text{Size} = \text{Ln} (\text{total assets})$$

Analysis Method

The research assisted SPSS version 26 by using data analysis methods to test hypotheses including descriptive statistics, which serve to measure and investigate the average value of the analyzed data. Next, a series in the context of classical assumption testing were carried out, incorporating the Hereroskedasticity Test, Multicollinearity Test, Normality Test and Autocorrelation Test, to show the feasibility of the statistical regression model. The main analysis through Moderated Regression Analysis (MRA), including the T Test and the F Test aims to assess the influence of moderate variables on the correlation between independent and dependent variables. MRA to prove that the moderation variable strengthens or weakens the relationship. If

the test significance value is $0,000 < 0,05$, then the moderation variable plays a significant role in strengthening the influence exerted by independent variables over the dependent variables. However, if the significance value > 0.05 , then the moderation variable is considered to have no effect. The equation used is:

$$PL = \alpha + \beta_1 CR + \beta_2 DER + \beta_3 CR*UP + \beta_4 DER*UP + \varepsilon$$

Keterangan:

α = constant

PL = Profit Growth

CR = Current Ratio

DER = Debt to Equity Ratio

CR*UP = Current Ratio*Company Size

DER*UP = Debt to Equity Ratio*Company Size

ε = error

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

According to Ghozali (2018), Descriptive statistics serve to summarize the characteristics of data across several measures, such as standard deviation, maximum value, mean value, minimum value, total, variance, skewness (distribution tightness), range (range) and kurtosis. The measures explain the characteristics of the distribution and distribution of the data to be analyzed.

Table 2.
Descriptive Statistic

	N	Minimum	Maximum	Mean	Std.Deviation
CR	101	0,73	20,11	3,3045	3,21402
DER	101	0,02	4,94	0,8160	0,77651
PL	101	-0,99	1,25	0,0747	0,44783
UP	101	25,60	32,86	29,2828	1,66798
Valid N (listwise)	101				

Source: (Data processed by the author, 2025)

Based on the descriptive statistical table presenting the results, *the Current Ratio* has a value of at least 0,73 and the maximum value is 20,11 with an average of the *variable CR* of 3,3045 with a standard deviation of 3,21402. An average that is higher than the standard deviation, can be interpreted as that the distribution of data in this study sample is even/good, showing that *the CR* has an important role in the sample company.

The Debt to Equity Ratio is worth at least 0,02 and its maximum value is 4,94. The Variable *DER* has a mean of 0,8160 with a standard deviation of 0,77651. A mean that is higher than the standard deviation, meaning that the distribution of data in this research sample is even/good, showing that *the DER* has an important role for the sample company.

The Profit Growth is a minimum value of -0,99 and the maximum value is 1,25. The mean variable Profit Growth was 0,0747 with a standard deviation of 0,44783. The mean is not greater than the standard deviation, meaning that the distribution of data in this study sample is not evenly distributed, showing that Profit Growth has less role in the sample company.

The Company size has a minimum value of 25,60 and a maximum value of 32,86. The mean variable profit growth was 29,2828 with a standard deviation of 1,66798. With a mean not

smaller than the standard deviation, it means that the distribution of data in this research sample is even/good, showing that Company Size has an important role in the sample company.

Classic Assumption Test

Table 3
Classical Assumption Test Results

Normality Test	
Asymp. Sig. (2-tailed) ^c	0,200 ^d
Multicollinearity Test	
Tolerance	VIF
0,764	1,309
0,764	1,309
Heteroscedasticity Test	
Sig.	0,085
	0,078
Autocorrelation Test	
Durbin- Watson	2,001

Source: (Data processed by the author, 2025)

According to the findings of the normality test, an Asymp value was derived. The sig is 0,200, which is greater than the significance limit of 0,05. This indicates that the data in this study is normally distributed. Furthermore, the results derived from the multicollinearity check suggested that the three independent variables had a tolerance value of > 0,10 and a VIF of < 10,00. Therefore, It may be inferred that the regression model is free from multicollinearity issues. Regarding the heteroscedasticity test, the three variables showed a significance value above 0,05, which indicated that there were no symptoms of heteroscedasticity. The autocorrelation examination revealed that obtained a DW (Durbin Watson) value of 2,001. This means that the value of $DW = 2,001 > du = 1,7374 < 4-du = 2,2626$. So it can be concluded that in testing this data, no autocorrelation symptoms are shown.

Hypothesis Test

Determination coefficient test (R2)

Having the purpose of showing the ratio of variation of dependent variables is explained by independent variables, where the value is between 0–1, i.e. the closer to 1, the higher the proportion of variation explained by the model and vice versa (Ghozali, 2018).

Table 4
R Square Test Results

R	R Square	Adjusted R Square	Std.Error of the Estimate
0,410	0,168	0,133	0,41691

Source: (Data processed by the author, 2025)

Adjusted R Square scored 0,133 in MRA analysis. This means that the DER and CR variables after being moderated by the company size variables, were able to explain the 13,3% variation that occurred in Profit Growth. The other 86,7% were described caused by external factors beyond the scope of the model

Model Fit Test (Statistical Test F)

It has the goal of understanding that independent variables in regression models happen simultaneous effects on dependent variables. (Ghozali, 2018).

Table 5
F Test Results

	Sum of Square	df	Mean Square	F	Sig.
Regression	3,369	4	0,842	4,845	0,001
Residual	16,686	96	0,174		
Total	20,055	100			

Source: (Data processed by the author, 2025)

According to the results in the F-test table, it is evident that the significance value of 0,001 < 0,05 shows that the regression model in this examination, it is applicable and statistically significant.

Moderated Regression Analysis (MRA)

Table 6
Test Results MRA

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	-0,215	1,093		-0,196	0,845
CR	0,299	0,279	2,149	1,075	0,285
DER	-0,306	0,134	-0,530	-2,290	0,024
UP	0,003	0,038	0,009	0,066	0,948
CR*UP	-0,010	0,010	-1,906	-0,955	0,342
DER*UP	0,009	0,004	0,544	2,156	0,014

Source : (Data processed by the author, 2025)

Based on the table above, the value of Sig. *The Current Ratio* is 0,285 > 0,05 which gives meaning to the CR which has no effect on profit growth while the value of Sig. *Debt to Equity Ratio* of 0,024 < 0,05 which means that DER has a negative influence on profit growth The regression model equation that can be obtained from the table above is:

$$Y = 3,422 + 0,299CR - 0,306DER - 0,010CR * UP + 0,009DER * UP + e$$

Sig. Current Ratio value*Company Size 0,342 > 0,05 which means that firm size cannot moderate the correlation that occurs between *the CR* and Profit Growth. Sig. DER*company size is 0,014 > 0,05 which means that the size of the company can moderate the correlation between *the DER* to profit growth.

The Effect of Current Ratio on Profit Growth

According to the outcomes of the test above, it shows that *the Current Ratio* has a significance value of 0.286 (> 0.05) with a beta coefficient value of 0.299 and t calculated of 1.075 (< t table 1.66071). This result indicates that if *the Current Ratio* has no effect on profit growth, then the first hypothesis that the statement that *the Current Ratio* has a positive effect on profit growth, rejected. The CR cannot be considered by the company because the CR cannot be a reference by the company in considering profit growth, because research proves that low or high liquidity levels do not have a significant effect on profit growth. However, it is better to evaluate

asset management, especially by paying attention to the balance between current assets and current debt Firly et al., (2023). Compared to signalling theory because in the view of signaling theory, conditions like this cause a signal that should be positive (*high CR*) to turn into a negative signal, because investors or financial analysts can judge that the company is inefficient in managing its liquidity and the condition does not support profit growth. This study is not similar in results to the research of Kalsum (2021), Marita & Ni'am (2023), Widhiastuti & Novianda (2024) which affirms that *the Current Ratio* has a positive effect on profit growth. However, one direction such as the research of Indaryani et al., (2022), Fahmi (2023), Firly et al., (2023) which emphasizes that *the Current Ratio* does not have a positive effect on profit growth.

The Effect of Debt to Equity Ratio on Profit Growth

According to outcomes of the test earlier, It indicates that *the Debt to Equity Ratio* has a significance of 0.024 (< 0.05) with a beta coefficient value of -0.306 and t calculated as - 2.290 ($< - t \text{ table} - 1.66071$). This result indicates that the Debt to Equity Ratio has an influence on profit growth but the effect is negative as shown by the value of the negative coefficient, so the second hypothesis that states that the Debt to Equity Ratio has a positive effect on profit growth, rejected. The proportion of debt incorporated into the company's capital structure has the potential to have a negative impact on the company's survival and financial performance. The greater the debt ratio, the larger the pressure to meet debt repayment obligations, which might negatively affect the business's flexibility in the face of an uncertain economic situation. Therefore, while debt can be a source of funds for expansion and development, excessive relying on debt might reduce The firm's earnings growth potential (Marnilin et al., 2024). The findings in this study's conclusions do not align with the principles described in the signaling theory because these results indicate that the firm's capital composition especially the *DER*, is not always a strong or credible signal regarding future profit prospects. In signaling theory, funding decisions (including the use of debt) are seen as one of the signals that management sends to the market to demonstrate confidence in profitability and profitability. This result cannot be regarded as similar to the research of Amalia et al., (2022), Sulbahri (2020) emphasized that *the Debt to Equity Ratio* has a positive effect on profit growth. However, it has the same direction as the research of Marnilin et al. (2024) and Wigati (2020) who emphasized that *the Debt to Equity Ratio* has a negative influence on profit growth.

Company Size Can Strengthen the Influence of Current Ratio on Profit Growth

From the analysis of the above test, It indicates that the size of the company that is the moderation variable has a significance value of 0.342 > 0.05 with a beta coefficient value of -0.010 and a t-value calculated as -0.955 $< t \text{ table} (1.66071)$. This result indicates that the size of the company does not have the ability to moderate the correlation between *the Current Ratio* to Profit Growth, so the third hypothesis, which shows the statement that the size of the company is able to moderate the effect of the Current Ratio on Profit Growth, rejected. This suggests that the scale of a company and a high CR do are not guaranteed to have adequate asset availability. The company's overall size does not appear to directly reflect The firm's ability to manage its finances, especially in terms of managing its assets. Companies should focus more on managing current assets and short-term liabilities without making the scale of the company the main determinant of Louw's (2023) Financial results. The findings based on this study's outcomes diverge from what is proposed in signaling theory because it indicates that the scale of the firm as an external signal is not strong enough to increase confidence in the firm's capacity to produce earnings, especially when it is associated with *the CR*. These results are not the same as Diyanti & Anwar (2021), Stuart (2020), Damayanti et al. (2024) stated that the size of the company can moderate the influence of

the Current Ratio on profit growth. However, this research supports research from Karno (2024), Elfia et al., (2025) and Louw (2023) who gave a statement that the size of the company cannot moderate the influence of *the Current Ratio* on profit growth.

Company Size Is Able to Strengthen the Influence of *Debt to Equity Ratio* on Profit Growth

Based on the previously explained testing outcomes, It points to the fact that the size from the company that is the moderation variable has a significance value of 0.014 (< 0.05) with a beta coefficient value of 0.009 and a t-count of 2.516 (> 1.66071). This result indicates that the size of the company is able to moderate the correlation between *the Debt to Equity Ratio* and profit growth, so the fourth hypothesis explaining that the size of the company is able to moderate the influence of the Debt to Equity Ratio on Profit Growth is accepted. This indicates That firms with larger scales typically hold more substantial assets and demonstrate elevated levels of debt to its assets. The size of a business entity may serve as a determinant of how well a corporation increases its profits, because how large or small the assets a company has will determine the return of debt on its assets, thus having a significant impact on increasing a company's income. When the volume of assets is included in predicting profits, assets financed by debt will be more effective. A large company certainly also has many stakeholders in it and they also play an active role in making decisions in the use of debt-financed assets so as to obtain good profit growth. This finding is in line with signaling theory because it is a signal for potential investors to invest their capital in the company because when profit growth is good, the rate of return to investors is also good (Damayanti et al., 2024). This result is the same as the research of Sulbahri (2020), Damayanti et al., (2024) and Avianty & Kristianto (2025) explained that company size can moderate the influence of *the Debt to Equity Ratio* on profit growth. However, these results do not support the research of (Athira & Murtanto, 2022), Tamba & Hutagalung (2024) and As'ari & Pertiwi (2021) who explained that the size of the company cannot moderate the influence of *the Debt to Equity Ratio* on profit growth.

CONCLUSION

Looking at the *output* as a result of the analysis carried out, The present research concludes that *the Current Ratio* has no influence on the profit growth of companies in the beverage and food sub-sector that are listed on the IDX for the 2021-2023 period. The result demonstrates that the business's liquidity level, whether high or low, does not directly impact the increase Within the firm's profit. In contrast, the Debt to Equity Ratio was found to have a negative effect on profit growth, indicating that the high leveraging debt in the financial structure could depress a company's profits. In the context of the moderation variable*i*, The organization's size is not shown to have the ability to moderate the correlation between *the Current Ratio* to profit growth, but the company size is proven to be able to moderate the relationship between the Debt to Equity Ratio to profit growth, This means that firms possessing a larger scale are more capable of manage debt so that it can reduce the negative impact of debt on profit. In its implementation, This examination still has several constraints that can be regarded as for upcoming research. The focus of the research is only directed at certain financial ratios such as the CR and DER and does not cover all aspects that may contribute to the increase in the firm's earnings In addition, the limited time coverage of only three years (2021–2023) and the object of the study covering focused solely on food and beverage businesses segment may limit the generalization of the findings. In addition, this study has not accommodated outside influences including market circumstances, regulatory frameworks, or global crises that also have the potential to Influence the firm's earnings and overall financial condition. Therefore, It is advised to expand the proxies used, increase the duration of

observations, and consider non-financial components such as the condition of corporate governance, ownership structure, and macroeconomic conditions, so that the summary analysis becomes more comprehensive and needs to make a broader theoretical and practical contribution to managerial and investment decision-making.

REFERENCES

- Aisyah, R., & Widhiastuti, R. (2021). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Industri Makanan dan Minuman Yang Terdaftar di BEI Periode 2010-2019. *Remittance: Jurnal Akuntansi Keuangan Dan Perbankan*, 2(1), 1–9. <https://doi.org/10.56486/remittance.vol2no1.74>
- Amalia, N. R., Prabasari, B., & Widyakto, A. (2022). The Effect of Financial Ratios in Predicting Profit Changes in Manufacturing Companies Listed on the Stock Exchange in 2016-2020. *Business and Accounting Research (IJEBAR) Peer Reviewed-International Journal*, 6(3), 1–14. <https://doi.org/10.29040/ijebar.v6i3.6381>
- Amrullah, L. M. S., & Widyawati, D. (2021). Pengaruh Kinerja Keuangan dan Tingkat Inflasi Terhadap Pertumbuhan Laba pada Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi*, 10(6), 1–23. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/4065>
- Andini, F. (2024). Pengaruh Tingkat Inflasi, Ukuran Perusahaan, dan Price Earning Ratio Terhadap Pertumbuhan Laba. *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi (JEBMA)*, 4(1), 438–452. <https://doi.org/10.47709/jebma.v4i1.3583>
- Arigita, N. P. T., & Aprilyanti, R. (2024). Pengaruh Profitabilitas dan Likuiditas Terhadap Kinerja Keuangan Perusahaan (Studi Empiris Perusahaan Makanan dan Minuman Yang Terdaftar di Bursa Efek Indonesia Periode 2020-2022). *Global Accounting : Jurnal Akuntansi*, 3(1). <https://jurnal.ubd.ac.id/index.php/ga/article/view/2890>
- As'ari, A. G. P., & Pertiwi, T. K. (2021). Rasio Fundamental Terhadap Pertumbuhan Laba: Variabel Moderasi Ukuran Perusahaan (Fundamental Ratio On Income Growth: Variables Of Company Size Moderation). *Journal of Information System, Applied, Management, Accounting and Research*, 5(1), 261–271. <https://doi.org/10.52362/jisamar.v5i1.382>
- Asrida, W., Sugi, M. G. F., & Unawekla, Y. (2022). Analisis Rasio Likuiditas Untuk Menilai Kinerja Keuangan Pusat Koperasi Unit Desa (Puskud) Kota Ambon. *Journal of Applied Accounting*, 1(1), 7–10. <https://doi.org/10.52158/jaa.v1i1.312>
- Athira, A., & Murtanto, M. (2022). Pengaruh Npm, Der, Tato Dan Cr Terhadap Pertumbuhan Laba. *Jurnal Ekonomi Trisakti*, 2(2), 1229–1240. <https://doi.org/10.25105/jet.v2i2.14717>
- Avianty, H. D., & Kristianto, D. (2025). Pengaruh Current Ratio Dan Debt To Equity Ratio Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderasi (Studi Kasus Pada Perusahaan Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia). *Bussman Gapenas Publisher*, 5(1), 126–144. <https://doi.org/10.53363/buss.v5i1.346>
- Damayanti, R., Arief, M., & Rambe, R. F. (2024a). Pengaruh Rasio Keuangan (DAR , CR , ROA) Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderasi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2019-2023. *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi (Jebma)*, 4(3), 1358–1375. <https://doi.org/10.47709/jebma.v4i3.4737>
- Damayanti, R., Arief, M., & Rambe, R. F. (2024b). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Sebagai Pemoderasi. *Journal Accounting International Mount Hope (JAIMO)*, 1(1), 462–468. <https://doi.org/10.61696/jaimo.v2i4.513>

- Diyanti, N., & Anwar, M. (2021). Pengaruh Likuiditas terhadap Pertumbuhan Laba dengan Ukuran Perusahaan Sebagai Variabel Moderasi pada Perusahaan Sektor Consumer Goods Industry yang Terdaftar di Bursa Efek Indonesia. *Jurnal Ilmiah MEA*, 5(3), 1286–1297. <https://doi.org/10.31955/mea.v5i3.1580>
- Elfia, I., Yeni, F., & Yudha, A. M. (2025). Analisis Pengaruh Current Ratio, Inventory Turnover, dan Net Profit Margin Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Sebagai Variable Moderasi (Studi Kasus Pada Perusahaan Food And Beverage Yang Terdaftar Di Bursa Efek Indonesia 2019-2023). *Musytari: Neraca Manajemen, Akuntansi, Dan Ekonomi*, 15(11), 1–18. <https://doi.org/10.8734/musytari.v15i11.11664>
- Elisa, N., & Riduwan, A. (2021). Pengaruh Kebijakan Dividen, Likuiditas, Profitabilitas dan Ukuran Perusahaan terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi*, 10(4), 1–16. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/3876>
- Fahmi, N. (2023). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Sektor Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Neraca Peradaban*, 2(2), 113–122. <https://doi.org/10.55182/jnp.v2i2.177>
- Firly, H. A., Hartono, A., & Ardiana, T. E. (2023). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Food and Beverages yang Tercatat di BEI Periode 2017-2021. *SENTRI: Jurnal Riset Ilmiah*, 2(8), 3258–3268. <https://doi.org/10.55681/sentri.v2i8.1393>
- Ghozali, I. (2018). *Application of Multivariate Analysis With IBM SPSS 25 Program* (Cet. IX). Badan Penerbit Universitas Diponegoro.
- Hoesada, J. (2022). *TEORI AKUNTANSI: dalam Hampiran Historiografis Taksonomis*. Andi Publisher.
- Indaryani, I., Maryono, & Santosa, A. B. (2022). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan Manufaktur Tahun 2019-2021. *Jurnal Akuntansi Profesi*, 13(1), 536–547. <https://doi.org/10.23887/jap.v13i02.50911>
- Istiqomah, N. A., & Andayani. (2023). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba. *Jurnal Ilmu Dan Riset Akuntansi*, 12(2), 1–15. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/5109>
- Kalsum, U. (2021). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Pada Perusahaan LQ45 Yang Terdaftar Di BEI. *Jurnal Akuntansi Dan Keuangan Kontemporer (JAKK)*, 4(1), 25–32. <https://doi.org/10.30596/jakk.v4i1.6846>
- Karno, K. (2024). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Perusahaan Jasa Komunikasi Dengan Firm Size Sebagai Moderasi. *Owner*, 8(1), 861–872. <https://doi.org/10.33395/owner.v8i1.1832>
- Kartika, A., Rozak, H. A., Nurhayat, I., & Bagana, B. D. (2020). Rasio Keuangan Sebagai Prediksi Financial Distress. *Unisbank*, 2(1), 978–979.
- Kasmir. (2020). *Analisis Laporan Keuangan* (5th ed.). Rajawali Pers.
- Limesta, F. Y. Z., & Wibowo, D. (2021). Pengaruh Return On Asset dan Debt To Equity Ratio Terhadap Nilai Perusahaan Bank Syariah Sebelum Merger (Studi Kasus PT Bank BRI Syariah, Tbk Pada Bulan Januari-November 2020). *Jurnal Ilmiah M-Progress*, 11(2), 156–165. <https://doi.org/10.35968/m-pu.v11i2.697>
- Louw, F. (2023). Pengaruh Likuiditas dan Profitabilitas terhadap Pertumbuhan Laba dengan Firm Size sebagai Variabel Moderasi. *Jurnal Ilmiah Fakultas Ekonomi Dan Bisnis*, 14(1), 16–27. <http://journal.widyadharma.ac.id/index.php/mabis/article/view/7065>
- Marita, C. E. N., & Ni'am, Z. B. (2023). Pengaruh Current Ratio dan Gross Profit Margin Terhadap

- Pertumbuhan Laba Pada Perusahaan Food and Beverage. *Jurnal Fidusia*, 6(1), 1–13. <https://doi.org/10.24127/jf.v6i1.1298>
- Marnilin, F., Irawan, R., & Widjaja, I. R. (2024). The Effect of Financial Ratio on Profit Growth in Infrastructure Sector Companies Listed on the Indonesia Stock Exchange. *International Journal of Economics, Commerce, and Management*, 2(1), 88–107. <https://doi.org/10.62951/ijecm.v2i1.365>
- Mas'ud, A., Nurdin, E., & Danintan, D. D. (2024). Pengaruh Debt To Equity Ratio Dan Ukuran Perusahaan Terhadap Pertumbuhan Laba Di Masa Pandemi Covid-19 Pada Perusahaan Sektor Kesehatan Yang Terdaftar Di Bursa Efek Indonesia. *JIMA Jurnal Ilmiah Mahasiswa Akuntansi*, 2(02), 24–24. <https://doi.org/10.33772/jakuho.v9i2.192>
- Megasari, R., Surtikanti, S., & Darmansyah, D. (2018). Determinan Pertumbuhan Laba Perusahaan Manufaktur Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, 5(02), 166–174. <https://doi.org/10.35838/jrap.v5i02.183>
- Pratama, N. F. A. (2023). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderasi Pada Perusahaan Sub Sektor Farmasi Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ilmu Manajemen*, 11(2), 377–392.
- Putri, T. M., & Sitohang, S. (2022). Pengaruh Current Ratio, Total Asset Turnover Dan Return On Asset Terhadap Pertumbuhan Laba. *Jurnal Cendekia Keuangan*, 1(1), 1–15. <https://doi.org/10.32503/jck.v1i1.2268>
- Razak, A., Guritno, Y., & Putra, A. M. (2021). Pengaruh Ukuran Perusahaan, Net Profit Margin, dan Total Asset Turn Over terhadap Pertumbuhan Laba. *Jurnal Akuntansi, Keuangan, Dan Manajemen*, 3(1), 1–13. <https://doi.org/10.35912/jakman.v3i1.566>
- Septiani, T. A., Siswantini, T., & Murtatik, S. (2021). Pengaruh Likuiditas, Leverage Dan Profitabilitas Terhadap Financial Distress Pada Sektor Industri Barang Konsumsi Yang Terdaftar di BEI. *Jurnal Apresiasi Ekonomi*, 9(1), 100–111. <https://doi.org/10.31846/jae.v9i1.335>
- Septiyarina, P. (2022). Pengaruh Current Ratio, Total Asset Turnover, dan Return On Assets Terhadap Pertumbuhan Laba. *Jurnal Cendekia Keuangan*, 1(1), 57–69. <https://doi.org/10.32503/jck.v1i1.2268>
- Siregar, Y. B., Fadrul, Pujiono, & Piliang, A. (2023). Pengaruh Current Ratio, Net Profit Margin, Debt to Equity, Ukuran Perusahaan terhadap Pertumbuhan Laba Perusahaan (Sektor Property Dan Real Estate. *LUCRUM: Jurnal Bisnis Terapan*, 3(1), 108–119. <https://ejournal.pelitaIndonesia.ac.id/ojs32/index.php/lucrum/article/view/3366>
- Siswanto, D. J., Maudhiky, F., Wahyudi, I., & Syah, T. Y. R. (2022). The Influence of Debt to Equity Ratio (DER), Return on Assets (ROA) and Company Size on Profit Growth. *Journal of Social Science*, 3(6), 2137–2147. <https://doi.org/10.46799/jss.v3i6.486>
- Spence, M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, 87(3), 355–374. <https://doi.org/10.2307/1882010>
- Sulbahri, R. A. (2020). Pengaruh Sales (penjualan) dan Debt to Equity Ratio (DER) Terhadap Pertumbuhan Laba:(Studi Empiris Pada Perusahaan Manufaktur Periode 2014-2018). *Mbia*, 19(2), 199–217. <https://doi.org/10.33557/mbia.v19i2.937>
- Tamba, A. N., & Hutagalung, N. L. B. (2024). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba dengan Ukuran Perusahaan sebagai Variabel Moderasi di BEI. *Owner*, 8(3), 2076–2091. <https://doi.org/10.33395/owner.v8i3.2217>
- Wahyudi, S. K., Setyadi, D., Mintarti, S., Paminto, A., & Suharto, R. B. (2023). Determinants of Financial Performance with Sustainability Report as A Moderation Variable. *Journal of*

- Social Science*, 6(1), 99–111. <https://doi.org/10.61242/ijabo.25.461>
- Wardani, R. D., & Yando, A. D. (2020). Pengaruh Rasio Likuiditas Dan Profitabilitas Terhadap Pertumbuhan Laba Pada Perusahaan Pertambangan Yang Terdaftar Di BEI. *Scientia Journal*, 2(1), 1–11. https://forum.upbatam.ac.id/index.php/scientia_journal/article/view/2098
- Widhiastuti, R. N., & Noviana, B. F. (2024). Pengaruh Literasi Keuangan, Pengetahuan Investasi, Dan Motivasi Terhadap Minat Investasi Generasi Z Di Jabodetabek. *Kompleksitas: Jurnal Ilmiah Manajemen, Organisasi Dan Bisnis*, 13(1), 84–93. <https://doi.org/10.56486/kompleksitas.vol13no1.527>
- Widiyanti, V., & Triyonowati. (2022). Pengaruh ROA, DER dan CR Terhadap Pertumbuhan Laba Perusahaan Food and Beverage di BEI. *Jurnal Ilmu Dan Riset Manajemen (JIRM)*, 1(1), 1–16. <https://jurnalmahasiswa.stiesia.ac.id/index.php/jirm/article/view/5928>
- Wigati, T. P. (2020). Pengaruh Rasio Keuangan Terhadap Pertumbuhan Laba dengan Ukuran Perusahaan Sebagai Variabel Moderating (Studi Kasus Pada Perusahaan Sub Sektor Pertambangan Batu Bara Yang Terdaftar di Bursa Efek Indonesia Periode 2016-2018). *Jurnal Neraca*, 16(1), 27–39. <https://doi.org/10.48144/neraca.v16i1.488>
- Wigati, V. I., & Sitinjak, T. J. . (2024). Pengaruh Efektivitas Social Media Marketing Dan Brand Awareness Terhadap Keputusan Pembelian Scarlett Whitening. *JEMBA : Jurnal Ekonomi Pembangunan, Manajemen Dan Bisnis, Akuntansi*, 3(1), 39–52. <https://ipv6.bajangjournal.com/index.php/JEMBA/article/view/7368>