

Effect of Financial Ratios on Firm Value with Profit Growth As Moderating Variable On Acquisition Companies in Indonesia

Ima Andriyani¹, Amrillah Azrin², M.Khairul Imam³

^{1,2} Lecturer at the Tridinanti University

³ Student at the Tridinanti University

ABSTRACT

Corresponding Author

Ima Andriyani,
Lecturer at the Tridinanti
University, Palembang,
Indonesia
Email:
Ima_andriyani@univ-
tridinanti.ac.id

This study aims to determine and analyze the effect of financial ratios on firm value with profit growth as a moderating variable in Indonesian Acquisition Companies, both directly and indirectly. The population in this study are all Acquisition Companies listed on the Indonesia Stock Exchange during the 2018-2022 period, by taking samples using a purposive sampling method, where the determination of the sample is based on certain criteria. Based on these criteria, seven companies were sampled in this study. Data analysis used in this research is to use the Moderated Regression Analysis (MRA) method which is operated through the views 12 program. The results of this study indicate that the variable financial ratios consisting of liquidity ratios, leverage ratios, profitability ratios and activity ratios both directly and significantly influence firm value, as well as indirectly, where liquidity ratios, leverage ratios, profitability ratios and ratios activity has a significant effect on firm value through profit growth. The results of the determinant coefficient test can be interpreted that the independent variable is able to explain or is able to describe the dependent variable as a whole..

Keywords: Ratio, Liquidity, Leverage, Profitability, Activity, Profit Growth and The value of the company

1. INTRODUCTION

Free competition requires every company to always develop its strategy in order to survive, develop and be competitive. A competitive strategy that seeks to develop (raise) the company in accordance with the agreed size to achieve the long-term and short-term goals of a company. One way to develop a company is by combining two or more companies. By combining two or more companies, they will be able to mutually support their business activities. Then the profits obtained by the company will be greater than doing business individually (Ambarwati, 2010: 283).

Acquisition is a company that buys most of the company's shares (more than 50%) or 100% of the company's ownership. Takeover is an acquisition in which the company does not expect an acquisition offer from the acquiring company. This acquisition is a fast process to merge a company. This is because acquisitions do not require business licenses that are as complicated as new business licenses, such as in the process of building a new company because the company has already been formed before. (Moin, 2010: 152).

His reasons companies make acquisitions that are often raised are synergies, tax considerations, buying assets below replacement cost, diversification, and incentives for managers. The five dominant reasons are synergy reasons. The synergy that occurs as a result of a business combination can be in the form of ups and downs of economies of scale in the form of an increase in capital. Whether or not there is synergy in an acquisition cannot be seen a few moments after the acquisition occurs, but it takes a relatively long time. The impact of the announcement of the business merger must continue to be monitored for changes that will occur in the future. (Andriyani. Ima, Zujeny. Kiki, Zanariah. Maryam, Nargis. Lusia, 2022)

Every business entity, whether corporate or individual, cannot be separated from the need for information. Information needed in the form of financial reports. The financial report is a record of a company's financial information in a certain period which is used to describe the performance of a company. Company performance is a very important thing that can be used as a tool to find out whether the company is experiencing growth or vice versa. In order to obtain financial information that is relevant to the goals and interests of users, the financial information presented must first be analyzed in order to produce the right business decisions. Financial ratios are a company's financial analysis tool for assessing a company's performance based on comparisons contained in financial statement items (balance sheet, income statement, cash flow statement). (Andriyani, Ima, 2015:343)

A good indicator to see the growth of a company is profit, which is the main goal of a company. However, large profits do not necessarily indicate that the company has worked efficiently. The company's ability to obtain maximum profit is very important, because basically interested parties, for example investors and creditors measure the company's success based on management performance in generating profits in the future (Suprihatmi, 2005). It is important for users of financial statements to know the rate of profit growth, because it will determine the rate of return to shareholders or for potential investors to make a decision whether to make an investment or not.

Financial ratios are useful for identifying a company's financial strengths and weaknesses and enable investors to assess the company's current and past financial condition and operating results, as well as a guide for investors regarding past and future performance that can be used in making investment decisions. The financial ratios that can be used to measure the effectiveness and efficiency of company activities so as to predict profit growth in the future, the ratios used are Current Ratio, Debt To Asset Ratio, Total Asset Turnover, and Return On Assets. Researchers will use these financial ratios to analyze the profit growth of companies making acquisitions listed on the Indonesia Stock Exchange (IDX).

Research on the influence of Current Ratio on Profitability was conducted by Sari, (2019) with the object of research being conducted at PT. Mulia Kekal Abadi for the 2014-2016 period where the results of the study state that the Current Ratio has a significant effect on Profitability. Furthermore, Fiqh (2021) with the object of research conducted at Companies in the Basic and Chemical Industry Sector for the 2018-2021 period where the results of the study state that the Debt to Equity Ratio has a significant effect on Profitability

Indah Widya Ningsih (2010), tested the effect of the current ratio, debt to asset ratio, debt to equity ratio, total asset turnover, return on assets (ROA), gross profit margin (GPM), return on equity (ROE), and inventory turnover on the profit growth of food and beverage manufacturing companies in the 2006-2009 period. The results showed that the current ratio, debt to equity ratio, debt to asset ratio, total asset turnover, return on assets, return on equity, gross profit margin and inventory turnover have a significant effect on profit growth simultaneously and partially only current ratio, total asset turnover and inventory turnover that affect profit growth.

Research by Evy Melinda S (2010) examines the effect of financial ratios on profit growth in consumer goods manufacturing companies listed on the Indonesia Stock Exchange. The ratios used are Debt Ratio, Net Profit Margin, Inventory Turnover, and Return On Equity. The population in this study amounted to 35 companies, sampling was done using purposive sampling method and obtained 33 companies as samples. The results showed that Debt Ratio, Net Profit Margin, Inventory Turnover, and Return On Equity simultaneously had an effect on profit growth and partially only Debt Ratio had an effect on profit growth.

Companies that have high profitability tend to have high company value as well, company value is mostly determined by ROA. Companies that have low liquidity ratios are ultimately unable to pay off short-term obligations that have fallen, thus affecting the company's long-term relationships with distributors, creditors and consumers. Economic conditions are not always stable, company risks certainly exist, but if bad things happen, the company will be liquidated

The phenomenon of production/profit growth for acquisition companies has increased and decreased, which in 2022 has increased compared to the previous year. The company that experienced an increase in production was PT. Medco Energi International Tbk, PT. Eagle Crown Technology Tbk, PT. Acset Indonesia. Meanwhile, with a growth

of 3.39% (percent) throughout 2021, acquisition companies contribute 0.70% (percent) to Indonesia's economic growth in 2022.

The increase in production/profit growth of the company is of course due to a lot of demand from the market and the large number of goods distributed, it will have an impact on the growth of company profits. In a company profit growth from year to year can increase or decrease. Thus, it can be said that future profits cannot be predicted with certainty. Therefore, it is necessary to conduct a study of what influences profit growth from year to year.

The main objective of establishing a company is to earn profits which will later be needed for the development and survival of the company. The profit earned is also often used as a measure to assess the success or failure of management in managing the company. The company's ability to earn profits in the future is an indication of the company's performance and prospects. Thus the old estimate is one of the most interesting information for investors. The company is more interested in the future prospects of the company than historical information. Based on this, the reliability of information on future earnings estimates of a company is important. Because company profits are needed for the benefit of company survival and inability companies in getting profits will lead to the elimination of companies in the business world.

Based on the background above, the problem formulation in this study is how the effect of financial ratios (Liquidity Ratios, Leverage Ratios, Profitability Ratios and Activity Ratios) on Company value with profit growth as a moderating variable in Acquisition Companies in Indonesia for the 2018-2022 period

The expected objective of this study is to analyze, find the effect of Liquidity Ratio, Leverage Ratio, Profitability Ratio and Activity Ratio) on firm value with profit growth as a moderating variable in Indonesian Acquisition Companies. This research covers a period of five years, namely 2018 - 2022.

2. LITERATURE REVIEW

Definition of Corporate Value

According to Chasanah (2018) company value is the price that prospective buyers are willing to pay if the company is sold. Enterprise value (EV) or firm value is an important concept for investors, because it is an indicator for the market assessing the company as a whole. According to Patricia, Bangun and Tarigan (2018) company value is investors' perception of the company's level of success related to its stock price. High stock prices make the company value also high, and increase market confidence not only in the company's current performance but also in the company's prospects in the future. Basically the value of the company is an important thing because with a high value of the company will be followed by the high prosperity of shareholders. The higher the stock price, the higher the value of a company.

According to Simamora, Novita and Cantona (2020) High corporate value is the desire of company owners, because a high value indicates high shareholder prosperity. The wealth of shareholders and companies is represented by market and share prices which are a reflection of investment decisions, financing and asset management.

Corporate Value Measurement

In this study, company value is proxied by Price Book Value (PBV). Company value is usually indicated by book value (Price to Book Value) book value is the value listed in the financial statements. According to Sunardi and Febrianti (2020), the calculation formula is:

$$PBV = \frac{\text{Harga pasar persaham}}{\text{nilai buku}}$$

Definition of Financial Ratios

Financial ratios are an important form of accounting information in the process of assessing company performance, so that these financial ratios can reveal the financial condition of a company and the performance achieved by the company for a certain period. The results of calculating this ratio can be used to measure a company's financial performance in a certain period, and can be used as a benchmark to assess the soundness of a company during that financial period. Financial ratios show a systematic relationship in the form of comparisons between financial statement estimates. In order for the results of financial ratio calculations to be interpreted, the estimates being compared must lead to important economic relationships.

According to Simamora (2000: 822), "the ratio is a useful guide in evaluating the company's financial position and operations and making comparisons with the results of previous years or other companies". Meanwhile, according to Munawir (2001: 37), financial ratios are a measure of the comparison of two specific items in the balance sheet or income statement individually or a combination of the two reports.

Definition of Financial Ratio Analysis

Financial ratio analysis is a technique in analyzing financial statements that is widely used to assess a company's financial performance. According to Wild, Subramanyam, and Halsey (2005: 36) "ratio analysis can reveal important relationships and become the basis for comparison in finding conditions and trends that are difficult to detect by studying the individual components that make up the ratio". The definition above, ratios can be used to find out whether there are deviations by comparing financial ratios with previous years. Financial ratios can explain to the analyst regarding the pros and cons of the financial condition of a company.

Limitations of Financial Ratios

Financial ratios do have quite a lot of functions and uses for companies, but they do not fully guarantee the actual condition and financial position. That is, the actual conditions may not necessarily occur as the results of the calculations that have been made. As a financial analysis tool, ratios also have limitations or weaknesses. According to Syahyunan (2004: 82-83) there are several limitations to financial ratio analysis. 1) Difficulties in identifying the industrial category of the company being analyzed if the company is engaged in several business fields. 2) Differences in accounting methods will result in different calculations, for example differences in depreciation methods or inventory valuation methods. 3) Financial ratios are prepared from accounting data and this data is influenced by different interpretations and can even be the result of manipulation. 4) Industry average information is general data and is only the result of manipulation.

Classification of Financial Ratios

Financial ratios based on the data source used are divided into balance sheet ratios, income statement ratios, and ratios between financial statements. Meanwhile, based on the objective, financial ratios are divided into liquidity ratios, leverage ratios, activity ratios, and profitability ratios. These ratios which are directly related to the importance of performance analysis in this study include:

1. Liquidity Ratio

The liquidity ratio is used to measure a company's ability to meet short-term financial obligations on time. Another function of the liquidity ratio is to show or measure a company's ability to meet its maturing obligations, both obligations to parties outside the company and within the company. The liquidity ratio used in this study is the current ratio, which compares the existing components of current assets with current liabilities. There is no absolute rule about what level of CR is considered good or what a company must maintain because usually the level of CR is This also really depends on the type of business of each company.

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

2. Leverage Ratio

Leverage is an indication of the efficiency of a company's business activities as well as the distribution of business risks between company owners and lenders or creditors, some short, medium and long term debt items bear interest costs. Examples of debt with interest charges are loans from banks and other financial institutions. The smaller the

loan amount with interest, the smaller the credit interest burden borne by the company. In terms of interest expense, the company's business operations are more efficient. If other operational costs are reasonable, with a small loan interest expense, it is hoped that the company's profitability will increase (Sutojo and Kleinstueber 2004:37). In this leverage ratio, the ratio used is the Debt to Asset Ratio. The formula for calculating it is:

$$\text{Debt to Asset Ratio} = \frac{\text{Total Liabilitas}}{\text{Total Asset}}$$

3. Activity Ratio

The activity ratio according to Van Horne and Wachowicz (2005:212) is "a ratio that measures how effectively a company uses its various activities." With this ratio we can measure the level of efficiency of the company in utilizing assets to generate income. The activity ratio assumes that there should be a proper balance between sales and various elements of assets, namely inventories, receivables, fixed assets and other assets. The higher the TATO ratio means the more efficient use of all assets in generating sales. This TATO is important for creditors and company owners, but it will be even more important for company management, because this will show whether or not efficient use of all assets in the company

$$\text{Total Assets Turover} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

4. Profitability Ratios

This ratio is used to measure a company's ability to generate profits for a certain period. This ratio is used to measure the level of business efficiency and profit capability achieved by the company concerned. Profitability ratio according to Van Horne and Wachowicz (2005:222) is "a ratio that relates profit from sales and investment". From this ratio it can be seen how the level of company profitability. This ratio shows how much net profit the company earns when measured by asset value. The formula for calculating it is:

$$\text{Return On Assets} = \frac{\text{Net Income}}{\text{Total Asset}}$$

5. Definition of Profit Growth

In a company, profit growth can be used as a means of assessing how the company's performance is. According to Stice, et al (2004: 225-226) "Research supports the FASB's statement that the best indicator of performance is profit. So understanding profit, what is measured by profit and its components is important to be able to understand and interpret the financial condition of a company. According to the Indonesian Accounting Association (2007) "net income (profit) is often used as a measure of performance or as the basis for other measures such as return on investment or earnings per share (earning per share)".

Profit growth is an increase in profit or a decrease in profit per year. The profit change indicator used in this study is profit before tax, excluding extra ordinary items and discontinued operations. The reason for excluding extra ordinary and discontinued operation items from pre-tax profit is to remove elements that might increase earnings changes that might not occur in other periods. Profit growth is calculated by subtracting the current period's profit from the previous period's profit and then dividing it by the previous period's profit. Then the formula used to predict profit growth is:

$$\text{Pertumbuhan Laba} = \frac{\text{Laba Bersih Tahun}_t - \text{Laba Bersih Tahun}_{t-1}}{\text{Laba Bersih Tahun}_{t-1}}$$

A hypothesis is a temporary conjecture that needs to be tested empirically. Based on the explanation above that has been submitted, the hypothesis of this study is as follows:

- H1: Effect of Liquidity Ratio on profit growth in Acquisition Companies.
- H2: Effect of Leverage Ratio on profit growth in Acquisition Companies.
- H3: The Effect of Profitability Ratios on Profit Growth in Acquisition Companies.
- H4: The Effect of Activity Ratio on Firm Value in Acquisition Companies.

H5 : The Effect of Liquidity Ratio on Firm Value in Acquisition Companies

H6: Effect of Leverage Ratio on Firm Value in Acquisition Companies

H7: Effect of Profitability Ratio on Firm Value in Acquisition Company.

H8: The Effect of Activity Ratio on Firm Value in Acquisition Companies.

H9: The effect of profit growth on firm value in acquisition companies.

3. RESEARCH METHODS

The population used in this study are acquisition companies listed on the IDX from 2018-2022 with a sample of 141 companies. In this study the sampling technique used purposive sampling, namely the sampling technique based on certain criteria (Jogianto, 2004:79). The sampling criteria in this study are: 1) Companies that carry out acquisition activities in 2018-2022 based on KPPU monitoring, 2) Companies that do not have a clear acquisition date 3) Companies that make repeated acquisitions during 2018-2022, 4) Companies which does not include all the information needed by researchers during the 2018-2022 period.

Based on the criteria stated above, a sample of 34 companies was obtained that met the research criteria to be listed on the Indonesia Stock Exchange in 2018-2022, but researchers took 7 samples in this study. Data in the form of financial reports and accounting records related to this research. This data was obtained from the official IDX website (www.idx.co.id) or other sites related to this research.

The data analysis technique used in this study is a quantitative method. Quantitative methods use calculations, figures, statistics to analyze hypotheses and other analytical tools. In this study, data analysis techniques used the Eviews 12 software program with the help of the Microsoft Excel program. According to (Sugiyono, 2018: 93) data analysis is an activity after data from respondents is collected.

4. RESULT AND ANALYSIS

Effect of Liquidity on Profit Growth

The results of testing the hypothesis in this study indicate that Liquidity has a positive and significant effect on profit growth, where the probability value is 0.0048 which is smaller than the significance level value of 0.05, meaning that if there is an increase in Liquidity, Profit Growth will also increase. This is in accordance with the opinion of Nikmatussolichah, (2018) The Liquidity Ratio is used to measure a company's ability to pay short-term obligations or debts that are due soon. By using the current ratio measurement ratio, it will be known to what extent the company's current assets can be used to cover its short-term liabilities or current debt. The more liquid a company is, the greater the possibility of paying dividends made by the company.

The results of this study are in line with and supported by previous research conducted by Rizka (2013) which stated that liquidity affects dividend policy, which is too high has an impact on smaller dividend payments. Liquidity that is too high indicates the company's ineffectiveness in using working capital caused by the proportion of current assets that are not profitable, for example the amount of inventory is relatively high compared to the predicted level of future sales so that the inventory turnover rate is low and indicates over investment in the inventory or there are large accounts receivable balances that may be difficult to collect and the impact on dividend payments to investors is getting smaller.

Effect of Leverage on Profit Growth

The results of testing the hypothesis in this study indicate that leverage has a positive and significant effect on profit growth, where the probability value is 0.0172 which is smaller than the significance level value of 0.05, meaning that if there is an increase in leverage, profit growth also increases.

This is in accordance with Oktarina's opinion, (2018) Leverage is used to show the relationship between the amount of long-term loans provided by creditors and the amount of own capital provided by company owners. The higher the Leverage of a company, the smaller or reduced the company's dividend payout rate, conversely the smaller or lower the Leverage ratio, the higher the company's ability to pay dividends.

The results of this study are in line with and supported by previous research conducted by Dewi (2020) which states that increasing leverage can have a significant effect. The use of debt will create a financial burden that must be borne by the company, and in the end it can reduce the amount of net profit the company earns because it has to pay expenses. those finances. In addition, when a company decides to use debt in its operations, it is not uncommon for creditors to be required to supervise the company's financial activities, including determining the amount of dividends to be distributed. This can happen because basically every creditor expects the company to be able to pay off its debt obligations

Effect of Profitability on Profit Growth

The results of testing hypothesis in this study indicate that profitability has a positive and significant effect on profit growth, where the probability value is 0.0054 which is smaller than the significance level value of 0.05, meaning that if there is an increase in profitability, profit growth will also increase. This is in accordance with the opinion of Puspitaningtyas, (2017) One important factor in investors' assessment of a company is the profit or profit generated by the company. Profitability is the company's ability to generate profits or gains in a certain period

If the company is able to generate high profits, then investors will see that the company is profitable or able to provide high profits to investors in the form of high dividends. This is the hope of investors for the company when they are going to invest. The level of company profitability can be a signal for investors regarding the level of return that can be provided by the company. The higher the profitability, the higher the interest of investors to invest their shares in the company. This will be reflected in an increase in share prices which will be accompanied by an increase in company value (Setyawati, 2019).

The results of this study are in line with and supported by previous research conducted by Sinta Cahyanti (2018) research results found that Profitability has a positive and significant effect on Profit Growth

Effect of Activity on Profit Growth

The results of testing hypothesis in this study indicate that activity has a positive and significant effect on profit growth, where the probability value is 0.0000 which is smaller than the significance level value of 0.05, meaning that if there is an increase in activity, profit growth also increases.

This is in accordance with the opinion of Kasmir, (2019) Activity ratio is a ratio that describes the extent to which a company uses its resources to support company activities, where the use of these activities is carried out optimally with the intention of obtaining maximum results. Total Assets Turnover is the ratio used to measure the turnover of all assets owned by the company and to measure how many sales are obtained from each rupiah of assets. TATO is measured from the number of sales to the total assets owned by the company. This ratio shows how much asset turnover occurs, if the greater the company's activity, the profits will increase, so that the dividends received by investors will also be higher. The results of this study are in line with and supported by previous research conducted by Harahap Qori et al (2021) which stated that the activity ratio has a positive effect on dividend policy.

The Effect of Liquidity on Firm Value

The results of testing hypothesis in this study indicate that liquidity has a positive and significant effect on firm value, where the probability value is 0.0246 which is smaller than the significance level value of 0.05, meaning that if there is an increase in liquidity, the firm value also increases. This is in accordance with the opinion of Chasanah (2018) Liquidity Ratio is a company's ability to fulfill its financial obligations in the short term which must be paid immediately. Liquidity in theory is positively related to firm value, the higher the liquidity then company value is high and the lower the liquidity, the lower the company value. High cash capacity will have an impact on the ability of the company's short-term liabilities and have a positive impact on company value. If a company is able to fulfill its obligations, then the company can be said to be liquid. High liquidity can minimize the company's failure to fulfill its obligations to creditors. So that it can influence investors to invest their capital.

The results of this study are in line with and supported by previous research conducted by Purnasari Nina et al (2020) stating that liquidity has a significant and significant effect on company value

Effect of Leverage on Firm Value

The results of testing hypothesis in this study indicate that leverage has a positive and significant effect on firm value, where the probability value is 0.0053 which is smaller than the significance level value of 0.05, meaning that if there is an increase in leverage, firm value also increases.

This is in accordance with the opinion of Patricia, Bangun and Tarigan (2018) The leverage ratio shows the company's ability to fulfill both short-term and long-term obligations if the company is liquidated. The higher the

leverage ratio, the higher the risk of loss so that it can cause a company's value to decrease. If the value of a company decreases, the company's stock price will also decrease.

The results of this study are in line with and supported by previous research conducted by (Awulle, Murni, & Rondonuwu, 2018) the research results stated that Leverage had a significant effect on firm value and according to (Lumentut & Mangantar, 2019) the results stated that Leverage partially had a significant effect to the Firm Value of manufacturing companies listed on the Index

Effect of Profitability on Firm Value

The results of testing hypothesis in this study indicate that profitability has a positive and significant effect on firm value, where the probability value is 0.0036 which is smaller than the significance level value of 0.05, meaning that if there is an increase in profitability, firm value also increases.

This is in accordance with the opinion of Puspitaningtyas, (2017) When a company can generate high profits, investors will be interested in investing in the company. Plus, if the company pays high dividends, investors will be even more interested in investing. Because for investors information about dividend payments can be more important than earnings announcements. This means that the value of the company can be maximized if investors' expectations of getting cash dividends are met. When there is an increase in profitability, this becomes a positive signal for investors and this also has a positive impact on company value. But the dividend payment policy is considered unable to strengthen the company's value when there has been an increase in profitability.

The results of this study are in line with and supported by previous research conducted by (Erlina, 2018) the results of the research show that Profitability affects firm value in real estate and profit companies on the Indonesian Stock Exchange. According to (Dewi & Abundanti, 2019) the results of the study state that Profitability has an effect and is significant on company value.

Effect of Activity on Firm Value

The results of testing hypothesis in this study indicate that activity has a positive and significant effect on firm value, where the probability value is 0.0000 which is smaller than the significance level value of 0.05, meaning that if there is an increase in activity, the firm value also increases. This is in accordance with Rinnaya's opinion. (2019), the effective use of assets in financing sales can generate quite high company profits, which will cause investor interest to buy company shares. The level of investor confidence in the company's effectiveness in using its assets to generate high net sales can affect the company's value.

The results of this study are in line with and supported by previous research conducted by Sianipar, (2018) found that the activity ratio has a positive effect on firm value. Another study, namely in Rinnaya's research, (2019) the activity ratio also has a positive effect on company value

Effect of Profit Growth on Firm Value

The results of testing hypothesis in this study indicate that Profit Growth has a positive and significant effect on Firm Value, where the probability value is 0.0000 which is smaller than the significance level value of 0.05, meaning that if there is an increase in Profit Growth, the Firm Value also increases.

This is in accordance with the opinion of Nurmalasari, Surya and Prayoga (2022: 7) The bird in the hand theory model, namely if dividends decrease, the value of the company also decreases, and vice versa. Investors like dividends because the payment has certainty. profit growth today are better than future capital gains. This is because investors receive current dividends with more certainty than receiving capital gains in the future which clearly contain uncertainty. The results of this study are in line with and supported by previous research conducted by I Made Purba Astakoni, I Wayan Wardita and Ni Putu Nursiani. (2019) research results show that there is an effect of Profit Growth on Firm Value.

5. CONCLUSION

1. The Liquidity Ratio has a positive and significant effect on the profit growth, meaning that if liquidity increases it will increase the profit growth in the acquisition company
2. The Leverage Ratio has a positive and significant effect on profit growth,, meaning that if Solvability increases it will increase the profit growth in the acquisition company
3. The Profitability Ratio has a positive and significant effect on profit growth,, meaning that if profitability increases it will increase the profit growth in the acquisition company

4. The ratio of activity has a positive and significant effect on profit growth,, meaning that if activity increases, it will increase the profit growth of the acquisition company.
5. The Liquidity Ratio has a positive and significant effect on Firm Value, meaning that if Liquidity increases it will increase Firm Value in the acquisition company
6. The Leverage Ratio has a positive and significant effect on Firm Value, meaning that if Solvability increases it will increase Firm Value in the acquisition company
7. Profitability ratios have a positive and significant effect on firm value, meaning that if profitability increases, it will increase firm value in the acquisition company.
8. The activity ratio has a positive and significant effect on firm value, meaning that if activity increases, it will increase firm value in the acquisition company
9. Profit Growth has a positive and significant effect on Firm Value, meaning that if profitGrowth increases it will increase Firm Value in the acquisition company

REFERENCE

- Adji Rini Namira, Ardi Paminto, Cornelius Rantelang, (2021). The effect of financial ratios on company value with Profit Growth as a moderating variable in pharmaceutical companies listed on the Indonesian stock exchange for the period 2013 - 2017. *Journal of Management Science Mulawarman*. Vol.6, No.4
- Afifah, F. L., Saroh, S., & Zunaida, D. (2021). Analysis of Financial Statements in Measuring Company Profit Growth on the Indonesia Stock Exchange (Case Study at PT. Unilever Indonesia, Tbk Period 2017-2019). *JIAGABI (Journal of Business/Commerce Administration)*, 10(1), 13-22.
- Andriyani. Ima, Zujeny. Kiki, Zanariah. Maryam, Nargis. Lusia (2022) The Effect Liquidity, Leverage and Profitability on company value in Cement subsector companies on the IDX for the 2016-2020 period. *Scientific Journal of Economics and Business* 10 (2), 959-968, 2022.
- Agus Irianto. (2018). *Concept, Basic, Application, and Development Statistics*. Jakarta: Kencana Prenada Media Group.
- Alpi, M. F., & Gunawan, A. (2018). The Effect of Current Ratio and Total Assets Turnover on Return On Assets in Plastic and Packaging Companies. *Journal of Axiom Accounting Research*, 17(2), 1–36.
- Amalia, J.K. (2021). Analysis of Financial Statements to Assess Profit GrowthPT. Mandom Indonesia, Tbk Period 2014-1019. *Journal of Educational Management and Social Sciences*, 2(1), 107-124.
- Arief, Sirtua. (2018). *Economic Research Methodology*. UIPress, Jakarta.
- Arikunto, S. (2018). *Research procedure*. Jakarta: Rineka copyright.
- Asniwati, A. (2020). The Effect of Liquidity Ratios, Leverage, and Profitability on Profit Growth at PT. Midi Utama Tbk Listed on the Indonesia Stock Exchange. *Economix*, 8(1).
- Azhar, Z. A., Ngatno., and Wijayanto, A. (2018). The Effect of Profitability on Firm Value Through Profit Growth as an Intervening Variable (Study of Manufacturing Companies Listed on the IDX for the 2012-2016 period). Faculty of Social and Political Sciences. Dipenogoro University: Semarang.
- Badren, Yuliana. (2021). Financial Analysis To Assess Profit Growth At PT. Ultra Jaya Milk Industry Tbk. *Journal of Pro Business*, 14(1)
- Brigham and Houston. (2018). *Fundamentals of Financial Management*. Salemba Four. Jakarta.
- Light, Sinta. (2018). The Effect of Financial Ratios and Profit Growth on Profit Growth in Manufacturing Companies on the IDX. *Journal of Economics and Accounting Research*, 3(2)

- Dhyta Iszania Meylana Putri. (2018). The Effect of Liquidity, Company Size, and Profitability on Company Value with Profit Growth as a Moderating Variable. *Scientific journals*. Vol.1, No.1
- Dwi Atmikasari, Iin Indarti and Elma Muncar Aditya. (2020). The Effect of Profitability on Firm Value with Dividend Policy as an Intervening Variable. *Asset Scientific Journal*. Vol.22, No.1
- Dwi Suryaningsih, Irwansyah Irwansyah, Yoremia Lestari and Ginting. (2020). The Effect of Profitability, Liquidity, Leverage, and Activity Ratios on Firm Value (Empirical Study of SOEs Listed on the IDX). *Journal of Accounting Science*. Vol.1, No.1
- Elyas Setiawan, (2021). "The Influence of Current Ratio, Inventory Turnover, Debt To Equity Ratio, Total Asset Turnover, Sales, and Firm Size on ROA in Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) for the 2010-2013 Period", *Journal of Economics*.
- Fahmi, I. (2019). *Dividend Policy Analysis*. Bandung: Alvabeta
- Fauzi, F., Dencik, Abdul Basyith., Asiati, Diah Isnaini. (2019). *Research Methodology for Management and Accounting*. Salemba Four.
- Fauziah, Fenty. (2019). *Bank Health, Dividend Policy, and Firm Value Theory and Empirical Studies*. Samarinda: RV Horizon Library
- Gantino, R. and F. M. Iqbal. (2018). The Effect of Leverage, Profitability, Company Size on Profit Growth in the Cement Industry sub-sector and the Automotive Industry sub-sector listed on the Indonesia Stock Exchange for the period 2008-2015. *Journal of Accounting & Business Research*, 17(2)
- Hanafi, M.M. and A. Halim. (2019). *Financial Statement Analysis*. Fifth Edition. First Print. UPP STIM YKPN. Yogyakarta.
- Handini, S. (2020). *Financial management*. Surabaya: Scopindo Media Pustaka.
- Hanif, Muammar and Bustaman. (2017). The Effect of Debt to Equity, Return On Assets, Firm Size and Earning Per Share on the Dividend Payout Ratio in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2011-2015. *Scientific Journal of Accounting Economics Students*, Vol. 2, No. 3
- Harahap, Sofyan Syafri (2018). *Critical Analysis of Financial Statements*. Jakarta: PT. King of Grafindo Persada.
- Hasan. Iqbal, (2019), *Analysis of Research Data with Statistics*, Jakarta: Bumi Aksara.
- Harry. (2018). *Analysis of Financial Statements (12th ed.)*. Jakarta: PT. Grasindo.
- I Made Purba Astakoni, I Wayan Wardita and Ni Putu Nursiani. (2019). The Moderating Effect of Profit Growth on the Effect of Profitability on Manufacturing Firm Value. *Journal of Economics, Business and Accounting*. Volume 18, Number 2
- Kevin Pratama Nugraha*, Gideon Setyo Budiwitjaksono, Dwi Suhartini. (2020). The Role Of Profit Growth In Moderating Profitability And Liquidity Against Company Value. *MEBIS Journal (Management and Business)*. Vol. 5, No. 1
- Kusumawati. (2018). The Influence of Profitability, Leverage, Size, and Profit Growth on Firm Value (Study of Manufacturing Companies Listed on IDX 2012-2016). *Change Agent For Management Journal*. Vol. 2 (2). Faculty of Economics and Business. Muhammadiyah University: Yogyakarta.
- Kuswanto, Dedy (2019). *Statistics For Beginners & Laypeople*. Jakarta: Warriors of the Letters
- M. Thoyib, Firmansyah, Darul Amri, Riza Wahyudi, and Melin M.A. (2018). The Effect of Current Ratio, Debt To Asset Ratio, Debt To Equity Ratio and Total Asset Turnover on Return On Assets in Property and Real Estate Companies on the Indonesia Stock Exchange. *Accounting Journal*. Vol. 4, No. 2
- Mahardika, P.A. et. al. (2021). Effect of Current Ratio (Cr), Debt To Equity Ratio (Der) and Total Asset Turnover

- (Tattoo) on Return On Assets (Roa) in Retail Trading Sub Sector Companies Listed on the Indonesia Stock Exchange in 2011-2014. Publication manuscript
- Manoppo, W. S., & Mangindaan, J. V. (2021). Financial Ratio Analysis To Measure Profit Growth At PT. Angkasa Pura 1 (Persero). *Productivity*, 2(2), 69-74.
- Margaretha, V. G., Manoppo, W. S., & Pelleng, F. A. (2021). Analysis of Financial Statements to Measure Profit Growth PT. ACE Hardware Indonesia Tbk. *Productivity*, 2(2), 86-89
- Mokoginta, G. Sondakh, J. and Pontoh, W. (2021). The Effect of Financial Ratios on Profit Growth in Manufacturing Companies listed on the Indonesian Stock Exchange for the 2015-2017 period. *Journal of Economics, Management, Business and Accounting Research* 9(1)
- Munawir, (2019). *Financial Report Analysis*. Yogyakarta: Liberty
- Mustafa. (2018). *Financial management*. Yogyakarta: CV. Andi Offset
- Nikmatussolichah. (2018). The Effect of Profitability, Liquidity and Company Growth on the Growth of Profit Value of Manufacturing Companies Listed on the IDX in 2015-2017. *E-JRA*, Vo. 07, No. 09
- Nuha, M.U. (2018). The Effect of Profitability, Leverage, Company Size Profit Growth on Firm Value (Study on Manufacturing Companies Period 2012 – 2015). Thesis. Faculty of Economics and Business. xix Management study program. Yogyakarta Muhammadiyah University: Yogyakarta.
- Oktarina, Novi. (2018). Effect of Debt to Equity Ratio and Return on Assets on the Dividend Payout Ratio. *Journal of Management and Business*, Vol. 2, No. 3
- Purnomo, A. D., & Widiarti, R. (2018). The Influence of the Debt to Equity Ratio (DER) and Current Ratio (Cr) on the Dividend Payout Ratio (DPR) in Various Industrial Companies Registered in BEI. *The Asia Pacific Journal of Management Studies*, 4(3),
- Puspitaningtyas, Z. (2017). The Moderating Effect of Profit Growth in the Effect of Profitability on the Value of Manufacturing Companies. *Journal of Accounting, Economics and Business Management*, 5(2)
- Putu Shiely Komala, Dewa Made Endiana, Putu Diah Kumalasari and Ni Made Rahindayati. (2022). The Effect of Profitability, Leverage, Liquidity, Investment Decisions and Funding Decisions on Firm Value. *Journal of Karma*. Vol.1, No.1
- Riesmiyantiningtias, N., & Siagian, A. O. (2020). Financial Statement Analysis To Assess Company Profit Growth At PT. Midi Utama Tbk. *Champion Familiar Journal*, 5(4), 244-254
- Santoso, Singgih. (2019). *Mastering Statistics with SPSS 25*. Jakarta: PT. Elex Media Komputindo.
- Sari. (2022). Profit Growth As Mediator Influence Between Leverage And Profitability Towards Firm Value In Lq 45 Index Companies. *Journal of Accounting and Tax*, 22(02)
- Sekaran, Uma and Roger Bougie, (2018), *Research Methods for Business: Skills-Development Approach*, 6th Edition, Book 1, Second Printing, Salemba Empat, South Jakarta
- Selvy and Martha Ayerza Esra. (2022). The Effect of Profit Growth on Firm Value With Debt Policy as an Intervening Variable in Companies Listed on the LQ 45 Index for the 2015-2019 Period. *Economic Journal*. Vol.5, No.2
- Setyawati, W. (2019). Effect of Ownership Structure, Capital Structure, Profitability on Firm Value with Profit Growth as Moderation (an empirical study of mining sector companies listed on the IDX for the 2011-2015 period). *Indonesian Journal of Sustainable Accounting*, 2(2)
- Sugiyono. (2018). *Quantitative Research Methods, Qualitative, R & D*. Bandung: CV Alfabeta
- Sujarweni, V. Wiratna. (2018). *Research Methods: Complete, Practical, and Easy to Understand*. Yogyakarta: New Press Library.

Sukma, Nurdiana Mulyatini and Elin Herlina. (2019). The Effect of Liquidity and Profitability Ratios on Firm Value (A Study on PT. Telkom Indonesia, Tbk Listed on the Indonesia Stock Exchange Period 2007 – 2017). Management Business Journal. Vol.1, No.2

Fortunately, B. (2020). Merger Law. Yogyakarta: Publisher Andi.

Wardhani, Irin A. And Isharijadi. (2018). The Effect of Profitability, Liquidity and Company Growth on the Growth of Profit Value of Manufacturing Companies Listed on the IDX