Vol. 13 No. 4, Desember 2025 (475-487) e-ISSN 2580-3743

THE EFFECT OF SALES GROWTH, INFLATION RATE, LIQUIDITY, LEVERAGE, WORKING CAPITAL TURNOVER ON PROFITABILITY IN THE CONSUMER NON CYCLICAL SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2019 -2023

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DOI: https://doi.org/10.35145/procuratio.v13i4.5688
Received:15/12/2025, Revised: -, Accepted: 16/12/2025

ABSTRACT

This study aims to determine the effect of sales growth, inflation rate, liquidity, leverage, working capital turnover on profitability in the consumer non cyclical sector listed on the Indonesia stock exchange for the period 2019 - 2023. This study uses secondary data. The sample technique in this study used purposive sampling. The number of samples obtained was 62 companies. This research analysis method uses descriptive analysis and several types of evaluations using SmartPLS software assistance. The results of this study indicate that Sales Growth has no effect on profitability. Inflation rate has no effect on profitability. Liquidity has no effect on profitability. Leverage has a negative effect on profitability. Working Capital Turnover has no effect on profitability.

Keywords: Profitability; Sales Growth; Inflation Rate; Liquidity; Leverage; Working Capital Turnover

PENGARUH PERTUMBUHAN PENJUALAN, TINGKAT INFLASI, LIKUIDITAS, LEVERAGE, *PERPUTARAN MODAL KERJA TERHADAP PROFITABILITAS PADA SEKTOR* CONSUMER NON CYCLICAL *YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2019 - 2023*

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh pertumbuhan penjualan, tingkat inflasi, likuiditas, leverage*, perputaran modal kerja terhadap profitabilitas pada sektor* consumer non cyclical *yang terdaftar di bursa efek Indonesia periode 2019 - 2023. Penelitian ini menggunakan data sekunder. Teknik sampel pada penelitian ini menggunakan* purposive sampling*. Jumlah sampel yang diperoleh sebanyak 62 perusahaan. Metode analisis penelitian ini menggunakan analisis deskriptif serta beberapa jenis evaluasi dengan menggunakan bantuan* software SmartPLS*. Hasil penelitian ini menunjukkan bahwa Pertumbuhan Penjualan tidak berpengaruh terhadap profitabilitas. Tingkat Inflasi tidak berpengaruh terhadap profitabilitas. Likuiditas tidak berpengaruh terhadap profitabilitas.* Leverage *berpengaruh negatif terhadap profitabilitas. Perputaran Modal Kerja tidak berpengaruh terhadap profitabilitas.*

Kata Kunci: Profitabilitas; Pertumbuhan Penjualan; Inflasi; Likuiditas; *Leverage*; Perputaran Modal Kerja

e-ISSN 2580-3743

INTRODUCTION

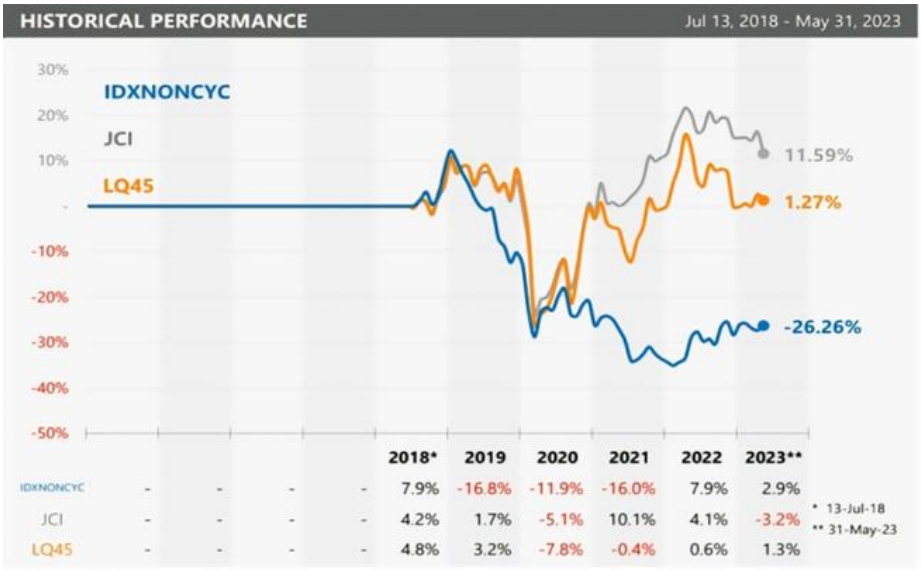
Background

Currently, the era of globalization and the digital age are experiencing remarkably rapid development. This progress plays a vital role in economic growth. Such growth can be measured by an increase in production output and a rise in income. An increase in national income is reflected in the contribution to the Gross Domestic Product (GDP). This growth can be achieved by increasing production capacity, generating goods or services, enhancing the quality of products and services, increasing the number of workers, and creating job opportunities. Indonesia is a developing country that seeks to benefit from economic growth to improve the standard of living and increase the welfare of its people.

Generally, one of the factors driving economic growth is investment. Investment is the activity of a company injecting capital to gain significant profit from the invested capital in the future, thereby boosting the company's operational activities. According to Adnyana (2020), investment is a deliberate decision by an individual that involves the use of money, time, or other valuable resources into a venture or opportunity with the expectation of generating a return in the future that exceeds the initial investment. In this context, it refers to the process of managing or injecting funds or capital in the present with the hope of receiving mutually beneficial funds in the future. Investment takes two forms: direct and indirect. Direct investment includes the capital market, while indirect investment involves buying securities in an investment company.

Stock prices are reflected in the Jakarta Composite Index (JCI), also known as the Indeks Harga Saham Gabungan (IHSG). The JCI is an index that measures the movement of all stock prices on the Indonesia Stock Exchange (IDX). When the JCI is trending upward (strengthening), it means that stock prices on the IDX are also trending upward. Conversely, when the JCI is weakening, it means that stock prices on the IDX are declining.

The following is a chart illustrating the movement of stock prices in the JCI and the LQ45 (a list of 45 issuers on the Indonesia Stock Exchange) for the period 2019–2023, compared with the movement of the JCI in the primary Consumer Sector (Consumer Non-Cyclical) companies.



Source : https://www.idx.co.id (2024)

Figure 1. Composite Stock Price Index (IHSG) and Consumer Non-Cyclical Company Stock Price Index Period 2019-2023

Based on the phenomena described in Figure 1, the movement of the JCI and LQ45 has been highly volatile (fluctuating). In the period 2018–2019, the movement of the stock indices showed slight and relatively insignificant ups and downs. However, at the beginning of 2020, there was a very significant decline. From mid-2020 to 2021, the indices experienced an increase. Furthermore, from 2021 to 2023, the movement showed increases and decreases that were not particularly significant. Overall, the graph illustrates that the stock prices of companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2019 period were in an unstable condition from year to year, which naturally affects the market.

For companies in the Consumer Non-Cyclical sector, stock price movements have also experienced instability from year to year. A significant drop occurred at the beginning of 2020, where the stock prices of these non-cyclical companies suffered a drastic decline caused by the Covid-19 Pandemic, and their stock movement tends to remain volatile.

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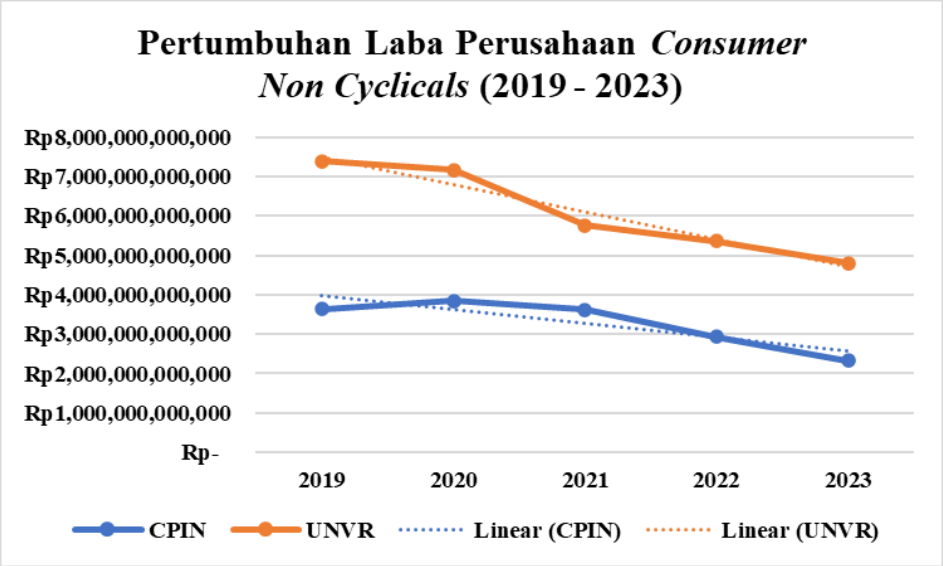
Observing the movement of the Jakarta Composite Index (JCI), the fluctuation of stock prices in this sector reflects investors' expectations regarding the profitability of the company. This is influenced by several factors, such as inflation and changes in consumer behavior. When inflation rises, production costs also increase, putting pressure on profit margins, which in turn lowers profitability. Conversely, if the company is able to maintain cost efficiency, preserve liquidity, and ensure a healthy working capital turnover, it has the potential to sustain and even increase profitability.



Source : https://www.idx.co.id (2024)

Figure 2. Profit Growth Graph of Consumer Non-Cyclical Companies Period 2019-2023

Based on Figure 2 , the net profit growth of Consumer Non-Cyclical companies listed on the Indonesia Stock Exchange is decreasing. Specifically, PT. Charoen Pokphand Indonesia Tbk (CPIN) reported a net profit of IDR 3.64 Trillion in 2019. The company experienced a fluctuation to IDR 3.84 Trillion in 2020, followed by a decline to IDR 3.61 Trillion in 2021, a further drop to IDR 2.93 Trillion in 2022, and IDR 2.31 Trillion in 2023. In the second position, PT. Unilever Indonesia Tbk (UNVR) also showed a downward trend in profit growth year-to-year. UNVR reported a net profit of IDR 7.39 Trillion in 2019, which decreased to IDR 7.16 Trillion in 2020. A significant drop occurred in 2021, reaching IDR 5.75 Trillion, then IDR 5.36 Trillion in 2022, and IDR 4.80 Trillion in 2023.

The phenomena described above suggest that the factors influencing the profit growth of these two companies are the challenges faced in maintaining profitability. This is impacted by rising production costs, such as the cost of raw materials and marketing, coupled with changing consumer consumption patterns and intense competition within the FMCG (Fast Moving Consumer Goods) industry, which inevitably affects profit margins. This profit decline indicates that the companies are achieving low returns on assets and capital. The competitive nature of the Consumer Non-Cyclical sector demands that businesses manage companies effectively and efficiently. A company's condition can be used as a measure of its progress toward achieving its objectives. To achieve this, companies must be able to manage their financial resources effectively, primarily by increasing corporate profitability.

The first factor influencing profitability is Sales. Sales are an essential principle for assessing corporate profitability and a key indicator of company activity (Andrayani, 2013). Sales growth refers to the year-over-year increase in a company's sales volume (Kennedy et al., 2013). Sales growth is characterized by an increase in market share, which leads to increased company sales, thereby enhancing profitability. This finding is supported by research from Titin et al. (2018) and Nuševa (2024), which showed that sales growth positively affects corporate profitability. This is also aligned with Astuti & Dharma (2023) and Anissa (2019), who argued that sales growth has a positive influence on profitability. Conversely, Abdul (2020) suggested that sales growth negatively affects profitability, while Meidiyustiani (2016) concluded that sales growth does not affect profitability.

Inflation is an event commonly encountered in almost all countries. According to Kalengkongan (2015), the inflation rate is the continuous increase in the prices of goods or services. Such price increases eventually affect the national economy; if persistent, they can worsen the economic situation. High or low inflation rates have either a positive or negative impact on stock price movements. A high inflation rate tends to lower stock prices, while an extremely low inflation rate can cause very sluggish economic growth. This finding is supported by previous research by Azmi (2022), who argued that inflation positively affects profitability. However, Lindayani & Dewi

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(2016) and Artikanaya (2021) stated that inflation negatively affects profitability. P. P. Dewi & Baswarasasika (2021), in contrast, concluded that inflation has no effect on profitability.

According to I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022), Liquidity is also a variable that affects profitability. Liquidity is a ratio describing a company's ability to meet its short-term obligations (debt). This means that if the company is demanded to pay, it must be able to meet those debts, especially those that are due. The indicator used to measure liquidity is the Current Ratio (CR). The Current Ratio is a financial ratio used to measure a company's ability to pay its short-term liabilities using its current assets . This finding is supported by previous research by Meidiyustiani (2016) and Sastra (2019), who argued that the Current Ratio positively affects corporate profitability. Research by I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) found that the Current Ratio positively affects profitability. This aligns with R. S. Dewi & Idayati (2019). However, Septiano et al. (2022) argued that the Current Ratio negatively affects profitability, while Ibrahim & Widyarti (2015) stated that the Current Ratio does not affect corporate profitability.

According to R. S. Dewi & Idayati (2019), Leverage is a ratio indicating the extent to which a company is financed by debt. Changes in leverage affect cost burdens and the company's efficiency in production. This is because the greater the debt a company must bear to meet its funding needs, the greater the costs incurred for financing, whether to pay interest expenses or financial intermediaries. This demonstrates that the greater the leverage or debt a company has, the more it may reduce the level of profitability obtained. The indicator used to measure Leverage is the Debt to Equity Ratio (DER), which is a financial ratio that compares total debt with total equity. The DER is typically used to assess a company's ability from the perspective of equity. This indicates that the greater the leverage or debt a company has, the more it may reduce the level of profitability obtained.

This finding is supported by previous research from I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) and Liana Susanto (2020), who stated that the Debt to Equity Ratio has a positive influence on profitability. Conversely, research by Ibrahim & Widyarti (2015), Artikanaya (2021), and Bintara (2020) stated that the Debt to Equity Ratio has a negative influence on profitability. This implies that a larger Debt to Equity Ratio or greater debt owned by the company can lower the level of profitability achieved. However, R. S. Dewi & Idayati (2019) stated that the Debt to Equity Ratio has no effect on profitability.

Working Capital Turnover (WCTO) is a ratio used to measure or assess the effectiveness of a company's working capital over a certain period. A company with an optimal working capital composition is expected to operate smoothly, thereby ensuring profitability and the company's security (R. S. Dewi & Idayati, 2019). The indicator used to measure Working Capital Turnover is the Working Capital Turn Over ratio.

This finding is supported by research from Ibrahim & Widyarti (2015), which stated that Working Capital Turnover has a positive influence on profitability. This is also aligned with R. S. Dewi & Idayati (2019), who argued that Working Capital Turnover has a positive effect on profitability. Research by Cahyani & Sitohang (2020), however, argued that Working Capital Turnover has a negative effect on profitability. In contrast, I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) stated that Working Capital Turnover has no effect on profitability.

In connection with the background issues above and the varied results from previous research, this study will be conducted under the title: "The Influence of Sales Growth, Inflation Rate, Liquidity, Leverage, and Working Capital Turnover on Profitability in the Consumer Non-Cyclical Sector Listed on the Indonesia Stock Exchange for the Period 2019–2023".

LITERATURE REVIEW

Agency, dan Trade – Off Theory

In Agency Theory, a company is viewed as consisting of two parties: the agent (management) and the principal (shareholders or capital owners). This relationship is a contractual agreement between the two sides. Agency theory often becomes a topic of discussion because the agent and the principal may have conflicting, self-interested goals, leading to a divergence of interests. Typically, the agent possesses more information regarding the company's operational environment than the principal. This information asymmetry creates imbalances, such as the agent desiring large capital expenditure while the principal aims for the highest possible profit.

The Trade-Off Theory states that this theory is related to the use of debt, which is caused by a company's capital structure decision. The objective is to optimize the use of debt. In capital structure theory, the goal is to balance the benefits (e.g., tax shields) and the sacrifices (e.g., financial distress costs) arising from the use of debt. If the generated benefits are greater than the sacrifices, then additional debt may be permissible. Conversely, if the sacrifices due to the use of debt are greater, then debt should not be utilized.

Financial Statement

Financial Statements are reports containing information related to a company's financial condition over a specific period. They typically outline the company's status and provide information illustrating the firm's performance. Corporate performance is usually assessed by reviewing the balance sheet and the income statement.

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Profitability
Profitability is a company's ability to generate profit or achieve earnings. Profitability is also the result of policies and decisions made by the company's management. This profitability ratio can be used to determine the company's performance, efficiency level, and management effectiveness.

Sales Growth
Sales growth is the rate of sales achieved by comparing the sales value of the current period with the previous period. Sales growth is an important factor in sustaining a company's activities, as it represents income derived from sales results. High sales growth is crucial for attracting consumer interest, covering operational costs, and generating profit.

Inflation Rate
The inflation rate is a continuous increase in the price of goods or services, which affects the national economy. If this condition persists, it will worsen the national economy. Causes of inflation include demand-pull inflation, which arises from excessively strong demand for goods, and cost-push inflation, which results from rising production costs.

Liquidity
Liquidity is a company's ability or obligation to meet its short-term liabilities according to the determined period. Typically, to measure liquidity, a company compares all components of assets and liabilities, such as current assets and short-term debt. A high level of liquidity suggests that a company is deemed capable of meeting its short-term obligations effectively.

Leverage
Leverage is a form of financing, often through debt, which will be useful for the company to operate its activities, expand its business, and increase investment returns. Companies usually utilize leverage to increase purchasing power in the financial market, hence the company must manage and utilize leverage optimally.

Working Capital Turnover
Working Capital Turnover is a ratio used to measure how effectively a company utilizes its working capital to support its sales. If a company's working capital turnover is high, the resulting working capital is effective and efficient. Good working capital turnover will enhance corporate performance because the working capital generates a certain amount of sales volume.

Hypothesis Formulation
Effect of Sales Growth on Profitability
Sales represent a company's ability to generate revenue from the goods sold. Sales Growth and Profitability are related, concerning a company's income and whether the sales level generated year-to-year is increasing or decreasing. This factor is highly influential for a company because sales growth is often characterized by an increase in market share, leading to increased sales and, consequently, increased profitability.

This is consistent with research conducted by Titin et al. (2018) and Nuševa (2024), which showed that sales growth has a positive and significant effect on corporate profitability. This also aligns with the research of Astuti & Dharma (2023) and Anissa (2019), who argued that sales growth has a positive and significant effect on profitability. In contrast, other studies (as cited in the original context) suggest that sales growth has a negative and significant effect on profitability. Meanwhile, Meidiyustiani (2016) found that Sales Growth has no effect on profitability.

H_1 : Sales growth has a positive effect on profitability.

Effect of Inflation Rate on Profitability
Inflation is defined as a continuous increase in the prices of goods over a certain period. When the inflation rate rises, the resulting increase in commodity prices will subsequently affect the national economy. If this condition persists, it will worsen the country's economy. The level of the inflation rate—whether high or low—can have either a positive or negative influence on stock price movements.

This finding aligns with research conducted by Lindayani & Dewi (2016) and Artikanaya (2021), who stated that inflation has a significant negative effect on profitability. Conversely, research conducted by Azmi (2022) argued that inflation has a positive and significant effect on profitability. This contrasts with Setyaningsih et al. (2018), who stated that inflation has no effect on profitability.

H_2 : Inflation rate has a negative effect on profitability.

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Effect of Liquidity on Profitability

Liquidity is a ratio used to measure a company's obligation to meet its short-term debts. This means that if a company has debts that are due, they must be paid promptly according to the determined period. A company's ability to settle short-term obligations, or its liquidity, is one of the factors used to assess a healthy company. The indicator used in this study is the Current Ratio (CR). If a company's Current Ratio increases, the company's profitability will also increase. This is related to assets: a high Current Ratio indicates a greater ability for the company to pay its short-term debts, which will enhance the company's credibility and elicit a positive reaction from investors to invest their capital.

This aligns with research conducted by Meidiyustiani (2016) and Sastra (2019), who argued that the Current Ratio has a positive influence on corporate profitability. Research by I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) found that liquidity has a positive effect on profitability. This is consistent with the research conducted by R. S. Dewi & Idayati (2019). Conversely, research conducted by Septiano et al. (2022) argued that liquidity has a negative influence on profitability. Meanwhile, research conducted by Anggarsari & Aji (2018) stated that liquidity has no effect on corporate profitability.

H_3 : Current Ratio has a positive effect on profitability.

Effect of Leverage on Profitability

Leverage is a ratio indicating the extent to which a company is financed by debt. Changes in leverage affect cost burdens and the company's efficiency in production. The indicator used in this study is the Debt to Equity Ratio (DER) . This is because the greater the debt a company must bear to meet its funding needs, the greater the costs incurred for financing, whether to pay interest expenses or to compensate financial intermediaries.

This finding aligns with research conducted by Ibrahim & Widyarti (2015), Artikanaya (2021), and Bintara (2020), who stated that the Debt to Equity Ratio has a negative influence on profitability. Conversely, research by I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) and Liana Susanto (2020) stated that the Debt to Equity Ratio has a positive effect on profitability. This contrasts with research by R. S. Dewi & Idayati (2019), who found that Leverage has no effect on profitability.

H_4 : Leverage has a negative effect on profitability.

Effect of Working Capital Turnover on Profitability

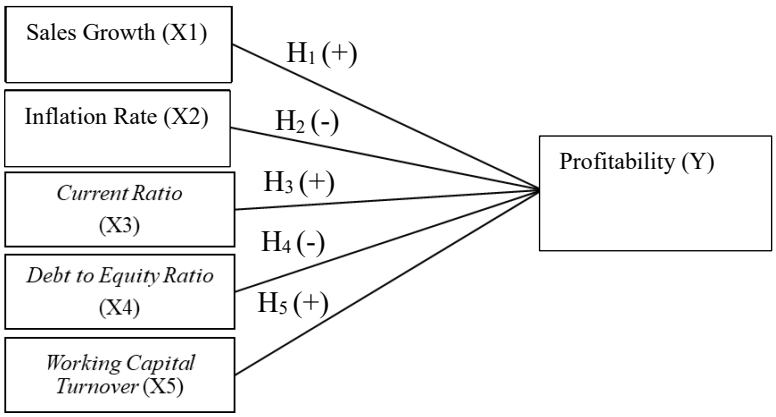
Working capital serves as a source of funds for the company's daily or short-term operations, meaning within a period of one year or less. The indicator used in this study is the Working Capital Turnover (WCTO). If working capital increases, the company's profitability will also increase. This demonstrates how effectively working capital is utilized to generate sales; an increase in working capital has the potential to increase corporate profit.

This finding is consistent with research conducted by Ibrahim & Widyarti (2015), who stated that Working Capital Turnover has a positive influence on profitability. This is also aligned with R. S. Dewi & Idayati (2019), who argued that Working Capital Turnover has a positive effect on profitability. In contrast, the results of this research differ: Cahyani & Sitohang (2020) argued that Working Capital Turnover has a negative influence on profitability. Meanwhile, research by Titin et al. (2018) found that Working Capital Turnover has no effect on profitability.

H_5 : Working Capital Turnover has a positive effect on profitability.

Conceptual Framework

Based on the theories and previous research, the relationship between Sales Growth, Inflation Rate, Liquidity, Leverage, and Working Capital Turnover with Profitability can be seen in Figure 3.



Source : Previous studies, 2024

Figure 3. Conceptual Framework

The Effect of Sales Growth, Inflation Rate, Liquidity, Leverage, Working Capital Turnover on Profitability in The Consumer Non Cyclical Sector Listed on The Indonesia Stock Exchange for The Period 2019 -2023 (Martha Ng and Kelly Cen)

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RESEARCH METHODOLOGY

Place and Time of Research

The research was conducted by utilizing relevant data obtained from the Indonesia Stock Exchange (IDX), specifically using the annual financial reports of companies in the Consumer Non-Cyclical (Primary Consumer) Sector listed on the IDX for the period 2019–2023. The time frame for conducting this research was from August 2024 to December 2024.

Population and Sample

The population in this study comprises all companies in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period. Based on 2023 data, the population of Consumer Non-Cyclical companies listed on the IDX totals 130 companies. The sampling technique used in this research is purposive sampling. The criteria for sample selection can be seen in Table 1.

Table 1. Sampling Criteria

No	Sampling Criteria	Number of Companies
1	Consumer Non-Cyclical Companies listed on IDX.	130
2	Companies that IPOed after 2019	(59)
3	Consumer Non-Cyclical Companies suspended from IDX period 2019 – 2023	(6)
4	Consumer Non-Cyclical Companies with negative equity period 2019 - 2023	(3)
	Jumlah Sampel	62

Source : www.idx.co.id (2024)

Operational Variables

In this study, the independent and dependent variables used are as follows:

Sales Growth (X_1)

The indicator used to measure sales growth is the ratio of the change in sales from the previous year to the sales of the previous year, multiplied by 100%. According to Kasmir (2018), Sales Growth can be calculated using the following formula:

$$Sales\ Growth = \frac{Current\ Net\ Sales - \ Previous\ Net\ Sales}{Previous\ Net\ Sales} \times 100\ \%$$

Inflation Rate (X_2)

The indicator used to measure the inflation rate is the ratio of the change in the Consumer Price Index (CPI) from the previous year to the CPI of the previous year. According to Kasmir (2016), the Inflation Rate can be calculated using the following formula:

$$Inflation\ Rate = \frac{Current\ Year\ CPI\ - Previous\ Year\ CPI}{Previous\ Year\ CPI} \times 100\ \%$$

Liquidity (X_3)

The indicator used to measure liquidity is the ratio of total current assets divided by total current liabilities. In this study, it is proxied using the Current Ratio (CR). According to Kasmir (2018), Liquidity can be calculated using the following formula:

$$\text{Current Ratio } (CR) = \frac{Total\ Current\ Assets}{Total\ Current\ Liabilities}$$

Leverage (X_4)

The indicator used to measure leverage is the ratio of total debt divided by total equity. In this study, it is proxied using the Debt to Equity Ratio (DER). According to Kasmir (2016), Leverage can be calculated using the following formula:

$$Debt\ to\ Equity\ Ratio\ (DER) = \frac{Total\ Debt}{Total\ Equity}$$

Working Capital Turnover (X_5)

The indicator used to measure working capital turnover is the ratio of total sales divided by the net working capital (current assets minus current liabilities). In this study, it is proxied using the Working Capital Turnover (WCTO) ratio. According to Ibrahim & Widyarti (2015), Working Capital Turnover can be calculated using the following formula:

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$$Working\ Capital\ Turnover\ (WCTO) = \frac{Sales}{Current\ Assets - Current\ Liabilities}$$

Profitability (Y)
The indicator used to measure profitability is the ratio of net income after tax divided by total assets. In this study, it is proxied using the Return on Assets (ROA) ratio. According to Hery (2016), Profitability can be calculated using the following formula:

$$Return\ on\ Assers\ (ROA)\ = \frac{Net\ Income\ After\ Tax}{Total\ Assets}$$

Data Analysis Techniques
Descriptive Analysis
This analysis is intended to analyze the data by describing or illustrating the collected data as it is, without intending to draw conclusions that apply generally or to generalize.

Multicollinearity Test
The multicollinearity test is used to examine whether the regression model contains a correlation among the independent variables. A good regression model should not have any correlation. To test for multicollinearity, one can observe the Tolerance and Variance Inflation Factor (VIF) values. If the Tolerance value is > 0.1 and the VIF value is < 10, then multicollinearity does not occur. However, if the Tolerance value is < 0.1 and the VIF value is > 10, then multicollinearity occurs.

Coefficient of Determination (R^2)
The Coefficient of Determination aims to measure the extent of the model's ability to explain the variation in the dependent variable. The R^2 value is between zero and one. An R^2 value closer to 0 indicates that the ability of the independent variables to explain the variation in the dependent variable is limited, while an R^2 value closer to 1 indicates that the independent variables provide almost all the necessary information to predict the variation in the dependent variable.

Path Analysis
Path analysis is a form of multiple linear regression analysis, also referred to as the use of regression analysis to estimate the quality relationships among variables that have been previously established based on theory (Ghozali, 2018). This type of analysis is used with the goal of determining both the direct and indirect influence of the independent variables on the dependent variable.

Hypothesis Testing (t-Test)
The hypothesis test aims to determine the extent of the influence of a single independent variable, such as sales growth, inflation rate, liquidity, leverage, or working capital turnover, in explaining the dependent variable, profitability. The decision-making basis for the t-test is as follows:
If $t_{count} < t_{table}$ and Sig > 0.05, then H_0 is accepted, meaning that the independent variable does not influence the dependent variable.
If $t_{count} > t_{table}$ and Sig < 0.05, then H_0 is rejected, meaning that the independent variable influences the dependent variable.

RESULTS AND DISCUSSION
Descriptive Analysis
The descriptive analysis and frequency distribution of the research model can be seen in Table 2.

Table 2. Descriptive Analysis

	Mean	Minimum	Maximum	Standard Deviation
Sales Growth	0.0820	-0.2458	0.4917	0.1178
Inflation Rate	0.1916	0.1916	0.1916	0.0000
Liquidity	2.2438	0.5667	11.2626	1.9990
Leverage	2.1195	0.1334	17.8303	3.3964
Working Capital Turnover	168.4351	-31.1471	9115.8065	1158.0772
Profitability	0.0523	-0.1903	0.4591	0.1010

Source : Researcher's Processed Data, 2024

e-ISSN 2580-3743

Sales Growth
The minimum Sales Growth value is -0.2458, obtained from PT. Prasidha Aneka Niaga Tbk (PSDN). The maximum Sales Growth value is 0.4917, obtained from PT. Dua Putra Utama Makmur (DPUM). The average Sales Growth is 0.0820, which indicates that sales growth is moderately good. The standard deviation value is higher than the mean, meaning the data spread is highly varied or there is a gap, thus suggesting that the Sales Growth data is not well distributed.

Inflation Rate
The minimum Inflation Rate is 0.1916, and the maximum Inflation Rate is also 0.1916. This value is derived from all Consumer Non-Cyclical sector companies over the 2019–2023 period. The average Inflation Rate is 0.1916. The standard deviation is lower than the mean, which indicates that the data spread is less varied or there is a balance, thus suggesting that the Inflation Rate data is well distributed.

Liquidity (Current Ratio)
The minimum Liquidity value is 0.5667, obtained from PT. Prasidha Aneka Niaga Tbk (PSDN). The maximum Liquidity value is 11.2626, obtained from PT. Campina Ice Cream Industry Tbk (CAMP). The average Liquidity is 2.2438, indicating that the liquidity is moderately good. The standard deviation value is lower than the mean, which indicates that the data spread is less varied or there is a balance, thus suggesting that the Liquidity data is well distributed.

Leverage (Debt to Equity Ratio)
The minimum Leverage value is 0.1334, obtained from PT. Campina Ice Cream Industry Tbk (CAMP). The maximum Leverage value is 17.8303, obtained from PT. Wicaksana Overseas Internasional Tbk (WICO). The average Leverage is 2.1195, indicating that the leverage level is moderately good. The standard deviation value is higher than the mean, which indicates that the data spread is highly varied or there is a gap, thus suggesting that the Leverage data is not well distributed.

Working Capital Turnover
The minimum Working Capital Turnover is -31.1471, obtained from PT. Midi Utama Indonesia Tbk (MIDI). The maximum Working Capital Turnover is 9115.8065, obtained from PT. Multipolar Tbk (MLPL). The average Working Capital Turnover is 168.4351, indicating that the working capital turnover is moderately good. The standard deviation value is higher than the mean, which indicates that the data spread is highly varied or there is a gap, thus suggesting that the Working Capital Turnover data is not well distributed.

Profitability
The minimum Profitability value is -0.1903, obtained from PT. Wicaksana Overseas Internasional Tbk (WICO). The maximum Profitability value is 0.4591, obtained from PT. Delta Djakarta (DLTA). The average Profitability is 0.0523, indicating that the profitability level is moderately good. The standard deviation value is higher than the mean, meaning the data spread is highly varied or there is a gap, thus suggesting that the Profitability data is not well distributed.

Multicollinearity Test
The results of the Multicollinearity Test show that the Tolerance values for the independent variables (Sales Growth, Inflation Rate, Liquidity, Leverage, Working Capital Turnover) in relation to the dependent variable (Profitability) have VIF values < 10 and Tolerance values > 0.1. This indicates that there are no symptoms of multicollinearity in the regression model.

Coefficient of Determination (R^2)Test
The magnitude of the Adjusted R-square value from the coefficient of determination test results is 0.067 (6.7%). This indicates that the ability of the independent variables (Sales Growth, Inflation Rate, Liquidity (CR), Leverage (DER), and Working Capital Turnover (WCTO)) to explain the dependent variable, Profitability (ROA), is 6.7%. The remaining 93.3% is explained by other variables not examined in this study.

Path Analysis
Based on the results of the path analysis, the data were obtained as seen in Table 3 and the following equation is obtained:

$$Y = 0.021X1 + 0.005X2 + 0.087X3 – 0{,}252X4 - 0.017X5$$

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Table 3. Path Analysis Results (Path Coefficients)

NO	Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Conclusion
1	Sales Growth	0.021	0.032	0.077	0.273	0.393	Not Significant
2	Inflation Rate	0.005	0.009	0.037	0.139	0.445	Not Significant
3	Liquidity	0.087	0.088	0.055	1.570	0.058	Not Significant
4	Leverage	-0.252	-0.263	0.073	3.449	0.000	Significant
5	Working Capital Turnover	-0.017	-0.016	0.019	0.880	0.189	Not Significant

Source : Researcher's Processed Data, 2024

Hypothesis Testing (t-Test)

Effect of Sales Growth on Profitability

Based on the data in Table 3 on the Path Coefficients analysis results, the Sales Growth variable has a P-Value of 0.393, while the alpha value is 0.05 (P-Value > 0.05). It can be concluded that H_0 is accepted and H_a is rejected. This indicates that Sales Growth does not have a significant effect on Profitability.

Effect of Inflation Rate on Profitability

Based on the data in Table 3 on the Path Coefficients analysis results, the Inflation Rate variable has a P-Value of 0.445, while the alpha value is 0.05 (P-Value > 0.05). It can be concluded that H_0 is accepted and H_a is rejected. This indicates that the Inflation Rate does not have a significant effect on Profitability.

Effect of Liquidity on Profitability

Based on the data in Table 3 on the Path Coefficients analysis results, the Liquidity variable has a P-Value of 0.058, while the alpha value is 0.05 (P-Value > 0.05). It can be concluded that H_0 is accepted and H_a is rejected. This indicates that Liquidity does not have a significant effect on Profitability.

Effect of Leverage on Profitability

Based on the data in Table 3 on the Path Coefficients analysis results, the Leverage variable has a P-Value of 0.000, while the alpha value is 0.05 (P-Value < 0.05). It can be concluded that H_0 is rejected and H_a is accepted. This indicates that Leverage has a significant effect on Profitability.

Effect of Working Capital Turnover on Profitability

Based on the data in Table 3 on the Path Coefficients analysis results, the Working Capital Turnover variable has a P-Value of 0.189, while the alpha value is 0.05 (P-Value > 0.05). It can be concluded that H_0 is accepted and H_a is rejected. This indicates that Working Capital Turnover does not have a significant effect on Profitability.

Results and Discussion

Effect of Sales Growth on Profitability

Based on the analysis results, Sales Growth has a positive but insignificant effect on Profitability. This is likely caused by economic instability from year to year, which affects the resulting profit or profitability obtained.

The finding that Sales Growth has no effect on profitability aligns with the research conducted by Meidiyustiani (2016). However, this finding is inconsistent with studies by Titin et al. (2018) and Nuševa (2024), which showed that growth positively affects corporate profitability. It also contrasts with research by Astuti & Dharma (2023) and Anissa (2019), who argued that sales growth has a positive influence on profitability, as well as Abdul (2020), who found that sales growth negatively affects profitability.

Effect of Inflation Rate on Profitability

Based on the analysis results, the Inflation Rate has a positive but insignificant effect on Profitability. This is because the company was still successfully generating profit, meaning the company's success was not significantly affected by the inflation rate. This suggests that the company did not need to press down on product or service costs to maintain its profits.

The finding that the Inflation Rate has no effect on profitability aligns with the research conducted by Setyaningsih et al. (2018). However, this study is inconsistent with research by Azmi (2022), which argued that

e-ISSN 2580-3743

inflation positively affects profitability, and also with Lindayani & Dewi (2016) and Artikanaya (2021), who stated that inflation negatively affects profitability.

Effect of Liquidity on Profitability

Based on the analysis results, Liquidity has a positive but insignificant effect on Profitability. This is because high liquidity is not always beneficial, as it can lead to excessive idle cash which should otherwise be utilized for investment to generate profits for the company.

The research finding that Liquidity has no effect on profitability aligns with the study conducted by Anggarsari & Aji (2018). However, this study is inconsistent with research by Meidiyustiani (2016) and Sastra (2019), who argued that liquidity positively affects corporate profitability. Research by I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) and R. S. Dewi & Idayati (2019) also found that liquidity positively affects profitability. Conversely, Septiano et al. (2022) argued that liquidity negatively affects profitability..

Effect of Leverage on Profitability

Based on the analysis results, Leverage has a negative and significant effect on Profitability. This is because when a company's leverage is high, it increases the burden and costs that must be borne by the company, making it difficult to generate profit. According to the Trade-Off Theory , excessively high Leverage (DER) is considered unhealthy because it negatively affects profitability, specifically leading to a decline in earnings. Therefore, the company must optimize the use of debt: if the resulting benefits are significant, debt may be permissible, but if the sacrifices are greater due to debt usage, then debt should not be allowed.

The finding that Leverage significantly and negatively affects profitability aligns with research conducted by Ibrahim & Widyarti (2015), Artikanaya (2021), and Bintara (2020). However, this study is inconsistent with research by I G. A Komang Trisnayanti & Ni Luh Putu Wiagustini (2022) and Liana Susanto (2020), who stated that Leverage positively affects profitability. Additionally, R. S. Dewi & Idayati (2019) found that Leverage has no effect on profitability..

Effect of Working Capital Turnover on Profitability

Based on the analysis results, Working Capital Turnover has no significant effect on Profitability. This is due to the generally unstable movement of working capital turnover, which suggests that the utilization of working capital is ineffective and the company is poor at managing its assets, compounded by the influence of market conditions. This indicates that while there may be an increase in working capital, it does not necessarily lead to an increase in profitability.

The research finding that Working Capital Turnover has no significant effect on profitability aligns with the study conducted by Titin et al. (2018). However, this study is inconsistent with research by Ibrahim & Widyarti (2015) and R. S. Dewi & Idayati (2019), who argued that working capital turnover positively affects profitability. In contrast, Cahyani & Sitohang (2020) argued that working capital turnover negatively affects profitability.

CONCLUSION

Based on the research findings regarding the Influence of Sales Growth, Inflation Rate, Liquidity, Leverage, and Working Capital Turnover on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange for the period 2019–2023, the following conclusions can be drawn: (1) Sales Growth has no effect on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period. (2) Inflation Rate has no effect on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period. (3) Liquidity has no effect on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period. (4) Leverage has a negative and significant effect on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period. (5) Working Capital Turnover has no effect on Profitability in the Consumer Non-Cyclical Sector listed on the Indonesia Stock Exchange during the 2019–2023 period.

There are still limitations arising from the research results, as the coefficient of determination test showed an Adjusted R-square value of \$6.7\%\$. This value is explained by the variables studied. The remaining \$93.3\%\$ is influenced by other variables outside of this study. This indicates a weak explanatory value, although the research data condition is still considered normal.

Based on the research findings and the aforementioned limitations, the researcher offers the following suggestions, which are expected to be useful for: (1) Academics: The research is expected to add information to the development of knowledge and help explore relevant accounting theories within this field of study. (2) Future Researchers: It is recommended to broaden the sample size to enhance the generalizability of the research results. For subsequent research, it is suggested to extend the research period to better observe the influence of the studied variables. (3) Investors: Investors are advised to utilize these findings to inform their decisions, select companies with high profitability, identify risks related to investment, and take mitigation steps.

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