

Influence of TATO, DER and NPM on Profit Growth in Property and Real Estate Sub-Sector Companies Listed on the IDX

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ABSTRACT

This study aims to analyze the effect of Total Asset Turnover (TATO), Debt to Equity Ratio (DER), and Net Profit Margin (NPM) on profit growth. The objects of this study were property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. Sampling was conducted using a purposive sampling technique, with a sample size of 22 property and real estate companies. Based on the statistical analysis, it can be concluded that TATO has a positive but insignificant effect on profit growth. Based on the statistical analysis, it can be concluded that DER has a positive but insignificant effect on profit growth. Based on the statistical analysis, it can be concluded that NPM has a positive but insignificant effect on profit growth. This indicates that increasing the efficiency of asset use, capital structure, and profitability levels have not been able to significantly influence profit growth. Thus, it can be concluded that TATO, DER, and NPM are not entirely the main factors in driving profit growth in property and real estate companies. This research is expected to be a consideration for company management and investors in decision-making and serve as a reference for further research.

Keywords: TATO, DER, NPM, Profit Growth, Property and Real Estate.

I. Introduction

The property sector is a capital-intensive business with numerous multiplier effects, leading the government to position it as an economic powerhouse. Property is considered an asset that can protect and even enhance wealth, as its value will continue to rise. During the difficult times of the pandemic, property prices experienced significant declines, and many even recorded increases. This situation has been a learning experience for the property market and demonstrates the resilience of the property and real estate sector in various crisis situations. According to data from the Central Statistics Agency (BPS), the Indonesian economy grew positively by 5.17% in the second quarter of 2023. This demonstrates improving economic growth during the pandemic, which will drive the property sector to experience rapid growth. According to Statistics Indonesia (BPS), real estate growth was only 2.18%, contributing 2.41% year-on-year to GDP in the fourth quarter of 2023. In the third quarter of 2023, the real estate sector recorded growth of 2.21%, contributing 2.40% to GDP (CNBC Indonesia, 2024). This low global property price growth reflects the continued low demand for property, influenced by the global economic performance, which did not experience significant growth throughout 2023.

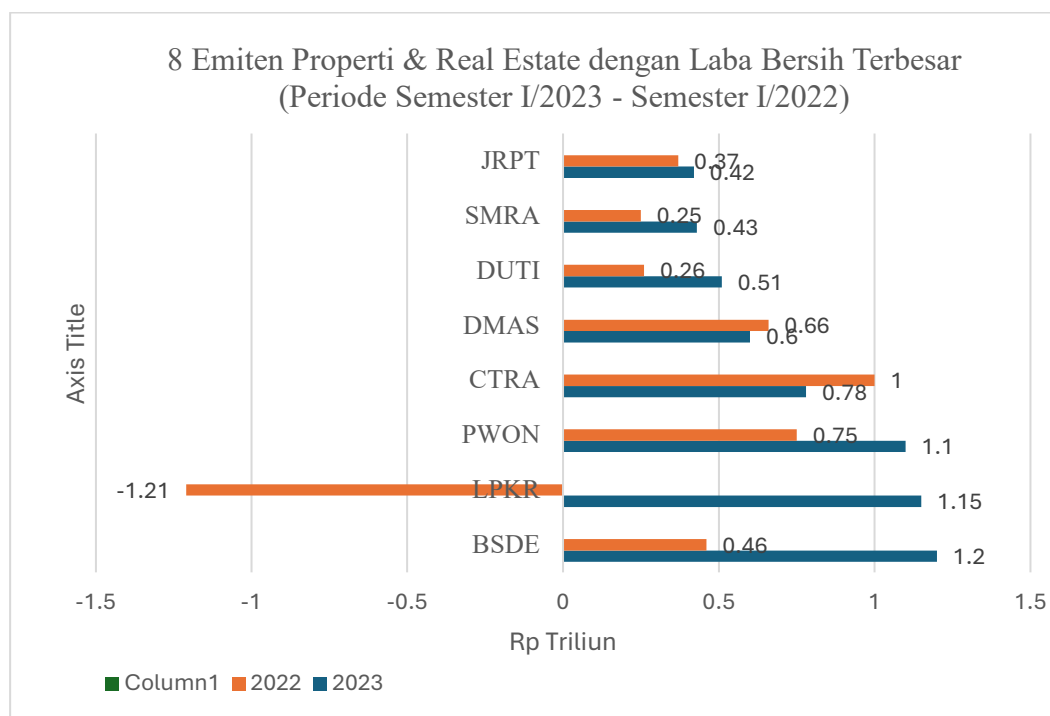


Figure 1. Profit of 8 Property and Real Estate Issuers

Source: Company Financial Report, Compiled by DataIndonesia.id, 2025

Figure 1 shows that eight issuers experienced profit growth. Overall, most issuers experienced an increase in net profit in the first half of 2023, indicating improved financial performance in the property sector, although some issuers experienced a decline in profit. Furthermore, several issuers recorded significant profit growth, even turning from losses to profits, demonstrating improved company performance. However, this profit increase was not evenly distributed across all issuers in the property and real estate subsector. Total asset turnover is an activity ratio that illustrates the extent to which a company provides funding to external parties for its activities. Total asset turnover indicates the extent to which a company is able to use its total assets to generate sales. However, a low TATO value indicates that the company is unable to effectively manage its assets to generate sales. (Syahida & Agustin, 2021). Meanwhile, according to (Nasution & Sitorus, 2022) states that fast asset turnover will result in fast profit gains. Previous research conducted by (Syahida & Agustin, 2021) shows that TATO has a significant positive effect on profit growth. This research is in contrast to research conducted by (Manurung & Siagian, 2023) shows that TATO has a negative but insignificant effect on profit growth. In addition, in research conducted by (Maryati et al., 2024) shows that TATO does not have a significant effect on profit growth.

The debt to equity ratio is a ratio that describes a company's ability to meet all its debts by using all the equity owned by the company. (Syahida & Agustin, 2021). According to (A. Oktaviani et al., 2023) DER is useful for determining the amount of funds provided by borrowers to company owners or for determining the amount of company capital used as collateral for debt. High debt levels impact the rate of decline in a company's profits. (Nasution & Sitorus, 2022). Previous research by Suleman et al. (2023) showed that DER had a significant positive effect on profit growth. This contrasts with research by Purnama and Anggraini (2020), which showed that DER had an insignificant negative effect on profit growth. In addition, in research conducted by (Masud et al., 2024) shows that DER does not have a significant effect on profit growth. Net profit margin is a ratio that measures a company's ability to generate net profit from sales. Net profit margin describes the level of profit a company earns on net sales. Management efficiency and effectiveness can be measured by the company's profit-on-sales ratio (Hanafi, 2018). A company's profit provides an important insight for stakeholders because it demonstrates sales success, including purchasing, production, and sales

activities.(A. Oktaviani et al., 2023).Previous research conducted by(Syahida & Agustin, 2021)which shows that NPM has a significant positive effect on profit growth. This research is in contrast to research conducted by(Riski Purnama & Defia Riski anggarini, 2020)shows that NPM has a negative but insignificant effect on profit growth. In addition, in research conducted by(Anton et al., 2023)shows that NPM does not have a significant effect on growth.

Profit growth is a ratio that shows the Company's ability to increase net profit compared to the previous year (Hasibuan & Situmorang, 2022) Profit growth is an important indicator of long-term business sustainability. It enables businesses to attract external parties such as investors and creditors, thereby raising capital, which in turn increases profit growth and the company's success. High profit growth reflects the company's overall financial performance. Continuously increasing profits reflect operational efficiency, effective business strategies, and the company's competitiveness in the market. This is important to understand, especially for stakeholders, including investors, management, and financial analysts, to understand the various factors that influence profit growth (Miranti et al. 2025). Good company profit growth reflects the company's good performance. If the economy is healthy, profit growth will generally increase.(Anton et al., 2023)A company's profit growth is considered important to users of financial reports because it can determine whether the company is experiencing improvement or decline in its financial performance. Profit growth influences investors' decisions regarding investing in the company in question because if profit growth increases, investors will have confidence in the company (Sabela & Widyawati, 2026).

Based on the explanation above, this study aimed to examine the influence of TATO, DER, and NPM on profit growth. This study provides a more recent empirical update regarding the dynamics of profit growth in the property sector post-pandemic and the volatility of the property market that affects the financial structure and profitability of companies. Furthermore, this study also aims to determine the extent to which company management can optimally manage company resources. Therefore, increasing profit growth reflects good management quality in running the company. Conversely, decreasing net profit growth reflects poor management quality in running the company. Good or bad management quality in running a company can affect the company's growth and development and can influence investor interest in investing in the company in question.

This research is original because it re-examines the influence of TATO, DER, and NPM on profit growth, focusing on the property and real estate subsector, which still shows inconsistent findings. Most previous studies have focused on the non-property sector, while research on the property and real estate sector is still relatively limited. The property and real estate sector has distinct characteristics compared to other sectors, particularly in terms of capital intensity, long-term business cycles, and is influenced by macroeconomic conditions. This study fills this research gap by analyzing the influence of TATO, DER, and NPM on profit growth in property and real estate subsector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. The findings of this study are expected to provide both theoretical and practical benefits for interested parties. Theoretically, this study is expected to enrich the empirical literature that shows inconsistencies in previous research results regarding the influence of financial ratios on profit growth. Furthermore, the results of this study are expected to serve as a reference for further research and strengthen previous research regarding the influence of financial ratios on profit growth. It is also expected to test the validity of existing financial theories in the context of profit growth. Practically, this research is expected to provide a basis for consideration for both internal and external parties in decision-making. Internal management is expected to pay attention to operational management, efficiency strategies, and other non-financial factors. External parties, such as investors and creditors, are encouraged to be more selective in their decision-making and not rely solely on financial ratios, but rather consider other non-financial factors. This is expected to minimize potential losses for investors and creditors. In addition, for policy makers and regulators, this research is expected to serve as a reference in assessing the financial condition and sustainability of property and real estate companies.

II. Literature Review and Hypothesis Development

2.1. Signaling Theory

Signaling theory explains the reasons why companies have an incentive to provide information about the company's financial reports to external parties. (Palayukan et al., 2023) One of the signals a company sends to stakeholders is the provision of information contained in its annual report. A company's financial report contains accounting information, both related to financial and non-financial reporting. (Setiyawati et al., 2024). Information provided by a company is considered an announcement that will create a signal for interested parties in making decisions (Safitri, 2020). When a company announces company information, investors and other interested parties will analyze the information provided by the company as a positive or negative signal. (Setiyawati et al., 2024)).

The information communicated by the company provides two types of signals, both positive and negative signals depending on the content of the information received. Signals are conveyed through financial reporting information to external parties. In the world of business and finance, signaling theory is used. to understand how companies provide information to stakeholders, such as investors and creditors through certain actions or decisions (N. Oktaviani & Zulvia, 2026) An announcement of improved company performance sends a positive signal to investors because the company can satisfy them with dividends. Conversely, if a company announces a decline in performance, the information will be perceived as a negative signal to investors because it is less profitable. An increase in company profits indicates good performance. A favorable economic environment generally leads to positive profit growth, which will attract investors. (A. Oktaviani et al., 2023).

2.2. Profit Growth

Profits that increase from year to year can indicate that the company has good finances. (Palayukan et al., 2023)). Profit growth is the percentage change in the increase in profits obtained by the company in this year's period compared to the previous period. (Syahida & Agustin, 2021). The profit growth formula according to (Syahida & Agustin, 2021) as follows:

$$\text{Profit Growth} = \frac{\text{Net income for the current year} - \text{Net income for the prior year}}{\text{Net income for the previous year}} \times 100\%$$

2.3. Total Asset Turnover

Total asset turnover is a ratio that shows asset turnover as measured by the level of sales. (Syahida & Agustin, 2021). The industry standard that is used as a benchmark for the TATO value is two times, if the company still gets an asset turnover of less than two times then the company has not maximized the management of the company's assets. (Manurung & Siagian, 2023). The TATO formula according to Hanafi (2018) is as follows:

$$\text{TATO} = \frac{\text{Sales}}{\text{Total Assets}}$$

2.4. Debt to Equity Ratio

Debt to equity ratio is a ratio that describes the comparison between total debt and capital in a company to meet all of the company's obligations. (Suliyanti & Damayanti, 2022) The debt to equity ratio is a barometer of a company's financial health, where a company's condition can be said to be healthy if the

company's debt burden is smaller than the company's total equity.(Syahida & Agustin, 2021). The DER formula according to(Syahida & Agustin, 2021)as follows:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

2.5. Net Profit Margin

According to Hanafi (2018), NPM is a ratio used to calculate a company's ability to generate profit at a certain sales level. Net profit margin indicates how much percentage of net income a company earns from each sale. The NPM formula according to(Syahida & Agustin, 2021)) as follows:

$$NPM = \frac{\text{Net Income}}{\text{Sales}} \times 100\%$$

2.6. Hypothesis Development

Based on the framework of thought below, the researcher will examine the relationship between variables, especially how TATO (X1), DER (X2) and NPM (X3) influence profit growth (Y).

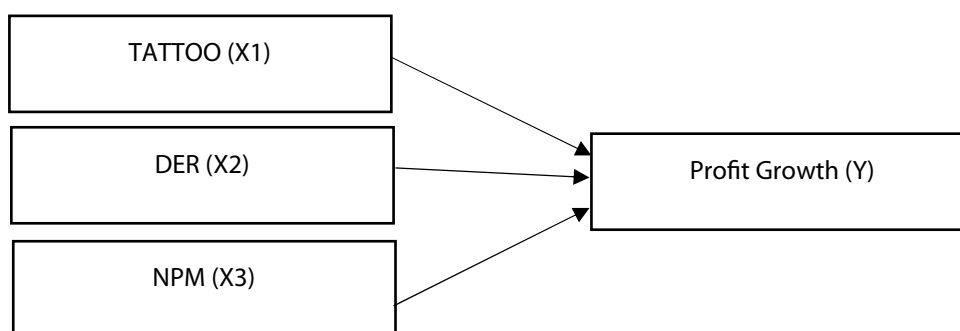


Figure 2. Thinking Framework

2.7. Hypothesis

a. Relationship between Total Asset Turnover (TATO) and profit growth

Total Asset Turnover (TATO) is used to calculate how much of a company's revenue or sales are generated through its assets. The more efficient the asset use, the higher the sales generated. This will enable the company to achieve the expected profit or experience an increase in profit.(Sabela & Widyawati, 2026). Based on the signal theory developed by Spence (1873),This explains that when a company's TATO value is high, it means the company is experiencing positive sales. This indicates good prospects because it leverages its ability to effectively manage asset turnover, resulting in positive profit. This provides a positive signal regarding the company's performance in managing its assets. Good company performance provides a positive signal to investors to invest, thus increasing the company's profits.. Research conducted by(Syahida & Agustin, 2021)shows that TATO has a significant positive effect on profit growth. This research is also supported by the results of research conducted by(Suleman et al., 2023)shows that TATO has a significant positive effect on profit growth. Based on this explanation, the following assumptions can be made:

H1: It is suspected that TATO has a significant positive effect on profit growth in property and real estate companies listed on the IDX.

b. Relationship between Debt-to-Equity Ratio (DER) and profit growth

According to (Setiyawati et al., 2024) explains that the higher the DER value, the greater the company's total debt compared to its equity, increasing the risk faced by the company, which will impact its performance. This indicates that the high level of company liabilities compared to its equity ownership has an impact on the decline in net profit. The higher the DER value, the more capital the company has and with effective management it will have an impact on the company's sales level. According to (Musinar et al., 2024) explains that not all companies with high debt levels will default. This occurs if the company is able to manage its borrowed funds effectively and efficiently, thus generating profits. The lower the debt usage, the lower the interest rate the company must pay, thus increasing its growth. Furthermore, as long as the debt generates sufficient cash flow, it will help the company increase its profit growth. (Sabela & Widyawati, 2026) For external parties, an increase or decrease in DER is not always interpreted as a positive or negative signal, but rather depends on the company's ability to manage debt effectively to support performance and profit growth. Research conducted by (Suleman et al., 2023) shows that DER has a significant positive effect on profit growth. This research is also supported by research conducted by (Palayukan et al., 2023) This shows that DER has an impact on profit growth. Based on this explanation, the following assumptions can be made:

H2: It is suspected that DER has a significant positive effect on profit growth in property and real estate companies listed on the IDX.

c. Relationship between Net Profit Margin (NPM) and Profit Growth

Based on the signal theory developed by Spence (1973), it explains that a higher NPM indicates a higher level of net profit earned by the company, a positive signal. This indicates that the company is carrying out its operational activities effectively and efficiently. A higher NPM indicates that the company is able to generate high profits at a certain sales level. Increasing profits indicate good company performance and send a positive signal to external parties, especially investors. Increased investor interest in investing will impact profit growth and profitability. (Setiyawati et al., 2024). An increase in NPM is perceived as a positive signal because it demonstrates operational efficiency and the company's ability to control costs, resulting in relatively high profits. This condition can increase the confidence of external parties, especially investors and creditors, in the potential for future profit growth and strengthen the company's attractiveness as an investment or credit provider. Research conducted by (Palayukan et al., 2023) shows that NPM has a significant positive effect on profit growth. This research is also supported by research (Syahida & Agustin, 2021) shows that NPM has a significant positive effect on profit growth. Based on this explanation, the following assumptions can be made:

H3: It is suspected that NPM has a significant positive effect on profit growth in property and real estate companies listed on the IDX.

III. Research Method

3.1. Data Collection Techniques

Data collection in this research was carried out using documentation and literature study methods by studying, researching, reviewing and analyzing literature in the form of journals, books, websites and previous research that is related to the problem being studied to obtain a comprehensive theoretical basis for exploring the financial reports of companies in the property and real estate subsector. The data sources used in this study are secondary data. Secondary data generally takes the form of evidence, notes, or historical reports that have been compiled in published and unpublished archives (documentary data) (Indriantoro and Supomo, 2024). Data obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) in the form of financial reports of property and real estate companies listed on the IDX.

This study uses multiple linear regression analysis techniques using IBM SPSS statistical software to test the influence of independent variables consisting of TATO, DER, and NPM on profit growth. In using multiple linear regression techniques, several basic assumptions must be met, including normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests. The population used in this study is all successful property and real estate companies listed on the Indonesia Stock Exchange for the 2020-2024 period. The sample collection technique used is purposive sampling, which is a sample collection technique with certain criteria. The reason for using purposive sampling is to deliberately select samples based on certain criteria deemed most relevant to the research objectives. This technique does not select samples randomly, but rather based on specific considerations and assessments, making it more efficient in terms of data collection time. The following are the sample criteria in this study:

- a. Property and real estate sub-sector companies listed on the IDX and published company financial reports for 2020-2024.
- b. Property and real estate sub-sector companies that did not experience delisting.
- c. Companies in the property and real estate sub-sector that did not publish financial reports in dollars during the 2020-2024 period.
- d. Property and real estate companies that provide complete data for research purposes in the form of net profit.

3.2. Data Analysis Techniques

a. Normality Test

Normality testing aims to test whether the regression model, confounding variables, or residuals have a normal distribution (Ghozali, 2017). A good regression model is one with a normal or near-normal data distribution. This study used the Kolmogorov-Smirnov test to test for data normality.

- 1) If the Asymp. Sig value is < 0.05 statistically, then the residual data is not normally distributed.
- 2) If the Asymp. Sig value is > 0.05 statistically, then the residual data is normally distributed.

Asymp. Sig is the probability value (p-value) or likelihood resulting from a statistical test. This value indicates how likely it is that the research results occurred by chance. Asymp. Sig is useful for making hypothetical decisions, for example: 1) Is the data normally distributed? 2) Are there differences between groups? 3) Is a variable influential? 4) Do the residuals meet certain assumptions?

b. Autocorrelation Test

Autocorrelation testing aims to test whether in a linear regression model there is a correlation between the nuisance or residual errors in period t and the errors in period $t-1$ (previously) (Ghozali, 2017). This study uses a run test. The condition for no autocorrelation in the run test is if the Asymp. Sig (2-tailed) value ≥ 0.05 .

c. Multicollinearity Test

Multicollinearity testing aims to test whether the regression model finds a correlation between independent variables (Ghozali, 2017). The following are the criteria for multicollinearity testing: 1) If the tolerance value is more than 0.10 and the VIF is less than 10, it can be concluded that there is no multicollinearity. 2) If the tolerance value is less than 0.10 and the VIF is more than or equal to 10, it can be concluded that there is multicollinearity. The VIF (Variance Inflation Factor) is used to detect multicollinearity, a condition where the independent variables in a regression are strongly correlated with each other. The higher the VIF value, the stronger the correlation between the independent variables. Tolerance is also used to detect multicollinearity. Tolerance indicates how much variation in an independent variable is not

explained by other independent variables. A small tolerance value indicates that the independent variable is influenced by other variables..

d. Heteroscedasticity Test

Heteroscedasticity testing aims to test whether in a regression model there is equality of variance from the residuals of one observation to another. Heteroscedasticity exists if the significance value is <0.05 and heteroscedasticity does not exist if the significance value is <0.05.≥0.05 (Ghozali, 2017).

e. Multiple Linear Regression Analysis

Multiple linear regression analysis is an analysis that tests the influence of two or more independent variables (X) on one dependent variable (Y) (Ghozali, 2017). The equation created is as follows:

$$Y = \alpha + \beta_1 \text{TATTOO} + \beta_2 \text{DER} + \beta_3 \text{NPM} + e$$

f. Hypothesis Testing

1) Partial test (t-test)

t-test The aim is to show how far the influence of one independent variable individually on the dependent variable (Ghozali, 2017). In the t-test there are conditions for testing it: (1) if the significant value $t > 0.05$ then the hypothesis is rejected. (2) if the significant value $t < 0.05$ then the hypothesis is accepted.

2) Determination Test (R2)

Determination testing aims to measure how far the model's ability to explain variations in the dependent variable. In other words, the R2 value shows the ability of variable X to influence variable Y. A small R2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited.

IV. Result and Discussion

4.1. Normality Test

The normality test aims to determine whether the residual data in the regression model is normally distributed so that the regression model is suitable for use in hypothesis testing.

Table 1. Normality Test Results

	One Sample Kolmogorov-Smirnov Test	Unstandardized Residual
N		77
Normal Extreme Differences	Mean	0
	Standard Deviation	74.83184347
Most Extreme Differences	Absolute	0.134
	Positive	0.134
	Negative	-0.071
Test Statistics		1,176
Asymp. Sig (2-tailed)		0.126

Based on the test results listed in Table 1, the normality test using the Kolmogorov-Smirnov Test method shows an Asymp. Sig (2-tailed) value of 0.126, which is greater than 0.05. Thus, it can be concluded that the data is normally distributed.

4.2. Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between independent variables in the regression model.

Table 2. Multicollinearity Test Results

Model		Tolerance	VIF
1	(Constant)		
	TATTOO	0.629	1,590
	DER	0.912	1,097
	NPM	0.584	1,711

Based on the results of the multicollinearity test in Table 2, it shows that the tolerance value of each variable is more than 0.10 and the VIF value is less than 10. Thus, it can be concluded that the regression model does not experience multicollinearity.

4.3. Autocorrelation Test

Test Autocorrelation aims to determine whether or not there is a correlation between residual errors in period t and period t-1 (previously) in a regression model.

Table 3. Autocorrelation Test Results

	Unstandardized Residual
Test Value	-1.63345
Cases < Test Value	38
Cases >= Test Value	39
Total Cases	77
Number of Runs	40
Z	0.116
Asymp. Sig. (2-tailed)	0.907

Based on the test results in Table 3, the autocorrelation test using the Run Test method shows an Asymp. Sig. (2-tailed) value of 0.907, which is greater than 0.05. Thus, it can be concluded that the data does not exhibit autocorrelation.

4.4. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there are differences in error variables (residuals) in each observation in the regression model.

Table 4. Heteroscedasticity Test Result

Model		Sig
1	(Constant)	0.000
	TATTOO	0.311
	DER	0.685
	NPM	0.819

Based on the test results in Table 4, the heteroscedasticity test using the Park Test method shows that each variable has an Asymp. Sig. (2-tailed) value of more than 0.05. Thus, it can be concluded that the data does not exhibit heteroscedasticity.

4.5. Data Analysis Techniques

a. Multiple Linear Regression Analysis

Multiple linear regression analysis is a statistical technique that aims to test whether there is an overall influence of variables X1 (TATO), X2 (DER) and X3 (NPM) on profit growth.

Table 5. Multiple Linear Regression Test Results

Model		B	Sig
	(Constant)	-60,175	0.033
	TATTOO	221,804	0.162
	DER	0.128	0.695
	NPM	0.663	0.156

Based on table 5, the multiple linear regression equation is obtained as follows:

$$Y = -60.175 + 221.804 \text{ TATO} + 0.128 \text{ DER} + 0.663 \text{ NPM} + e$$

Information:

- 1) The value of -60.175 is a constant that reflects the condition when the profit growth variable is not affected by other variables, namely TATO (X1), DER (X2), and NPM (X3). If the independent variable is zero, then profit growth is at a constant value of -60.175.
- 2) The regression coefficient value of X1, amounting to 221,804, indicates that TATO (X1) has a positive effect on profit growth (Y). This means that every one-unit increase in the TATO variable will increase profit growth by 221,804 units, assuming other variables are constant.
- 3) The regression coefficient value of X2, which is 0.128, indicates that DER (X2) has a positive effect on profit growth (Y). This means that every one-unit increase in the DER variable will increase profit growth by 0.128 units, assuming other variables are constant.
- 4) The X3 regression coefficient value of 0.663 indicates that NPM (X3) has a positive effect on profit growth (Y). This means that every one-unit increase in the NPM variable will increase profit growth by 0.663 units, assuming other variables remain constant.

b. Test of the R2 Determination Coefficient

The coefficient of determination test is used to assess the extent to which a model can explain variations in the dependent variable, as indicated by the following Adjusted R-Square value:

Table 6. Determination Coefficient Test Result

Model	R	R. Square	Adjusted Square	R.	Standard Error of the Estimate
1	0.352	0.124	0.088		76.3540029

Based on table 6, it shows that the Adjusted R-Square value of 0.088 indicates an influence of 8.8% of the TATO, DER and NPM variables, while 91.2% is caused by other variables.

c. Partial Test (t-Test)

The t-test aims to determine the influence of individual independent variables on the dependent variable. The t-test is used to test the validity of a hypothesis. A hypothesis is accepted if the significance value is <0.05, conversely, the hypothesis is rejected if the significance value is ≥0.05. The following are the results of the t-test:

Table 7. t-Test Results

Model		t	Sig	Information
1	(Constant)	-2.168	0.033	
	TATTOO	1.1412	0.162	H1 Rejected
	DER	0.394	0.695	H2 Rejected
	NPM	1,435	0.156	H3 Rejected

Based on the results of table 7, it can be concluded as follows: 1) the t-test results show that the TATO variable (X1) has a t-value of 1.1412 with a significant value of 0.162, greater than 0.05, which means H1 is rejected. Thus, it can be concluded that TATO has a positive, insignificant effect on profit growth. 2) the t-test results show that the DER variable (X2) has a t-value of 0.394 with a significant value of 0.695 greater than 0.05, which means H2 is rejected. Thus, it can be concluded that DER has a positive, insignificant effect on profit growth. 3) the t-test results show that the NPM variable (X3) has a t-value of 1.435 with a significant value of 0.156 greater than 0.05, which means H3 is rejected. Thus, it can be concluded that NPM has a positive, insignificant effect on profit growth.

4.6. Discussion

a. The Effect of TATO on Profit Growth

Based on the data analysis above, it can be concluded that TATO has a positive but insignificant effect on profit growth. A positive effect indicates that an increase in TATO tends to be followed by an increase in profit growth. However, in this study, the resulting effect was relatively small. This condition indicates that the efficiency of company asset utilization, as reflected in TATO, has not been able to directly increase profit growth significantly. The results of this study do not fully support the signaling theory, which states that a higher TATO means a higher level of profit growth. Nevertheless, the positive direction of the relationship indicates that TATO plays a role in supporting profit growth, although not as a dominant factor. This research aligns with research conducted by (Palayukan et al., 2023) which shows that TATO has no significant effect on profit growth, indicating that the company is less capable of managing operational activities, especially in managing its assets. Furthermore, this research is also supported by research conducted by (Hidayati & Putri, 2022) which shows that TATO has a positive but insignificant effect on profit growth. This is due to the underutilization of existing assets, which prevents the company from boosting revenue. However, this study contradicts research conducted by (Nasution & Sitorus, 2022) This indicates that TATO significantly impacts profit growth. This condition indicates that the company is able to manage all activities that affect production and sales to achieve maximum profit, ensuring that all assets are managed effectively and efficiently.

b. The Effect of DER on Profit Growth

Based on the data analysis above, it can be concluded that DER has a positive but insignificant effect on profit growth. A positive effect indicates that increased debt use in a company's capital structure is followed by increased profit growth. However, in this study, the resulting effect is relatively small. This study does not fully support the signaling theory, which states that a higher DER means a higher profit growth rate. This condition indicates that the use of debt has not been able to optimally contribute to increasing company profit growth. The low effect of DER on profit growth may be due to the high interest expense and financial risks associated with debt use. Furthermore, the effectiveness of borrowed funds in generating profits also depends heavily on management policies and the company's operational conditions. This research aligns with research conducted by (Setiyawati et al., 2024) which explains that DER has no effect on profit growth because companies tend to prioritize debt over equity in operational activities. This means that companies do not consider debt to be particularly important in determining fluctuations in profit growth. However, this study contradicts research conducted by (Palayukan et al., 2023) which explains that DER has a significant effect on

profit growth, increasing DER is considered a positive signal for investors because growing companies certainly require quite large capital, so they will use debt as a source of funding for operational activities.

c. Effect of NPM on Profit Growth

Based on the data analysis above, it can be concluded that NPM has a positive but insignificant effect on profit growth. A positive effect indicates that the higher the level of net profit earned by a company from its operational activities, the higher the profit growth rate. However, in this study, the resulting effect is relatively small. This study does not fully support the signaling theory that states that a higher NPM level means a higher level of profit growth. This study shows that an increase in NPM has not been able to significantly influence profit growth. The low effect of NPM on profit growth may be caused by fluctuations in the company's revenue and operating costs, as well as other external factors such as macroeconomic conditions and industry competition that affect the stability of the company's profits. This research is in line with research conducted by (A. Oktaviani et al., 2023) shows that NPM has a positive but insignificant effect on profit growth. However, other studies show differences, research (Syahida & Agustin, 2021) shows that NPM has a significant positive effect on profit growth. Companies with increasing NPM indicate a positive signal that the company is increasingly efficient in using operational costs for company activities to generate profits from sales activities in a given period.

V. Conclusion

Based on the research results above, it can be concluded that TATO has a positive but insignificant effect on profit growth. This condition indicates that the level of effectiveness of the company's asset utilization has not been able to directly drive the company's profit increase. This may be caused by the characteristics of the property and real estate industry which has a relatively slow asset turnover and requires a longer period to generate revenue. DER has a positive but insignificant effect on profit growth, this indicates that the funding structure, especially from debt, has not been a driving factor in increasing the company's profit. The use of debt allocated more to financing long-term projects will cause the company to continue to bear the burden of debt interest even though the revenue has not been optimally realized. Therefore, a high DER is not necessarily followed by an increase in profit, and can even suppress profits in certain periods. NPM also has a positive but insignificant effect on profit growth, this indicates that the level of net profit generated does not necessarily reflect the company's ability to increase profit growth from period to period. This can be influenced by fluctuations in revenue, operational costs, and external factors such as macroeconomic conditions and the level of purchasing power.

Based on the research conducted, it is expected to provide both theoretical and practical benefits for stakeholders. Theoretically, the results of this study imply that financial ratios such as TATO, DER, and NPM are unable to significantly explain the influence of growth. This research adds to the empirical literature that has shown inconsistencies in previous research results regarding the influence of financial ratios on profit growth. However, this study has several limitations. First, this study only uses three independent variables: TATO, DER, and NPM, thus not being able to represent all factors influencing profit growth. Second, the research object is limited to companies in the property and real estate sub-sector, so this study cannot be generalized to other industrial sectors. Third, the observation period used is relatively limited and covers the post-pandemic recovery period, which has the potential to impact the stability of the company's financial performance. Practically, this research is expected to provide consideration for both internal and external parties in decision-making. Internal parties, particularly management, need to consider operational management, efficiency strategies, and other non-financial factors. External parties, such as investors and creditors, should be more selective in their decision-making and consider other non-financial factors rather than relying solely on financial ratios.

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