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INFLUENCE *OF CURRENT RATIO, INVENTORY TURNOVER* AND *BOOK TAX DIFFERENCES* ON PROFIT GROWTH WITH *CORPORATE SOCIAL RESPONSIBILITY* AS A MODERATION VARIABLE

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ABSTRACT

The purpose of this study was to determine the effect of Current Ratio, Inventory Turnover and Book Tax Differences on profit growth with Corporate Social Responsibility moderating variables in manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange. The research year period used is 4 years, namely the 2016-2021 period. The population of this study includes all manufacturing companies in the consumer-based industrial sector that are listed on the Indonesia Stock Exchange (IDX) for the 2016-2021 period. The sampling technique uses a population sampling technique. Based on the established criteria, 17 companies obtained, the type of data used is secondary data obtained from the website of the Indonesia Stock Exchange. The analytical method used is panel data regression analysis. The results of the study simultaneously show that Current Ratio, Inventory Turnover and Book Tax Differences Corporate Social Responsibility have an effect on profit growth. Meanwhile, if tested partially, it shows that Current Ratio, Inventory Turnover and Book Tax Differences Corporate Social Responsibility have no significant effect on profit growth.

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INTRODUCTION

Development economy moment This has cause change Which very fast in world business And make business the more competitive. Every business compete One The same other for get profit as big as Possible And utilise opportunity For Keep going develop. Something company said Healthy if capable endure in all condition economy, Which proven with his abilities fulfil obligation his finances And operate his activities with stable, as well as ensure continuity development activities from time to time.

The definition of profit adopted by the current accounting structure is the difference between income and cost measurements. The size of profit as a measure of increase in profit growth is very dependent on the accuracy of measuring income and costs. Growth profit is condition Where something company can produce enhancement profit from results its operations.

Profit growth is a ratio that shows the company's ability to increase net profit last year. Positive profit growth reflects that the company is able to manage and use its own resources to generate profits and shows good company financial performance. (Rachmawati & Handayani, 2014).

Based on the above phenomenon, the company's profit growth experiences increases and decreases in profits every year , the decrease in profits that occurred in 2020 was due to the Covid-19 pandemic. The Covid-19 pandemic has not only attacked the country but has affected the whole world, resulting in weakening profit growth in the manufacturing sector.

Research conducted by *Dea* N and Mulyadi (2019) states that *current ratio has a significant* negative influence on profit growth, whereas according to Ma'num and Milda (2019) states that *current ratio has a* significant *influence* .

Research conducted by Dian Indah Sari and Slamet Maryoso (*2021*) states that there is a significant influence between the inventory turnover variable *on Profit Growth* . Then research conducted by Yusri, Cut DH and Vivin W (2020) said *that inventory turnover did not* have a significant effect on profit growth.

Research conducted by Jesica G and Romulo (2020) shows *that book tax differences* do not have a partial influence on profit growth. Meanwhile, research conducted by Yulianto and Lindawati (2022) shows *that book tax differences* have a positive influence on profit growth.

Besides that , ability something company in improve Profits are also influenced by *corporate social responsibility* (CSR) . Kartini (2009) mention that Wrong One benefit implementation program CSR is increasing reputation companyBy Because That can concluded that implementation program CSR can increase profits company

THEORY AND DEVELOPMENT HYPOTHESIS

THEORETICAL BASIS

1. ***Signal Theory***

   Signaling theory is a theory that is defined as a signal made by the company (manager) to outside parties (investors *)* .
2. **Theory *Stakeholders***

   Stakeholder theory is a theory that describes which parties a company is responsible for (Freeman & Reed, 1983). Stakeholders are all parties, both internal and external, who have relationships that influence or are influenced, directly or indirectly, by the company.
3. **Report Finance**

   According to PSAK No.1, the purpose of financial reports is to provide information about the financial position, performance and cash flows of an entity that is useful for various report users in making economic decisions.

HYPOTHESIS DEVELOPMENT

1. **Influence *Current Ratio* Against Growth Profit**

   Current Ratio is a ratio used to measure a company's ability to meet short-term obligations that are due soon using the total available current assets. Research conducted by Dea N and Mulyadi (2019) , M. Syarii (2019) and Ni Komang, I Wayan and I Gusti (2019) shows that *the current ratio* has a negative effect on profit growth.

   H1: Current Ratio has a negative effect on profit growth.

2. **Influence *Inventory Turnover* Against Growth Profit**

   Inventory turnover is a ratio used to measure how many times the funds invested in inventory are turned over in one period. High *inventory turnover (turnover of* 6 inventories) indicates higher rotating inventory in one year and this indicates the effectiveness of inventory management. Conversely, low inventory turnover signals such signs as a lack of effective inventory control. (Tri Wahyuni et al., 2017).

   H2: Inventory Turnover has a positive influence on profit growth.

3. **Influence *Book Tax Differences* Against Growth Profit**

   Book tax differences are ratios which is used to see the difference between accounting profit and tax profit. In its application there are differences in accounting principles or treatment regulation applicable taxation, resulting in two types of income, namely profit accounting and taxable income. The company's taxable profits are derived from financial reconciliation of accounting profit i (Febriyanto , 2014).

   H3: Book Tax Differences have a positive effect on profit growth.

4. **Influence *Current Ratio* of profit growth with *Corporate Social Responsibility* as a moderating variable**

The emergence of *corporate social responsibility* in this moderation relationship is caused on the basis of the company's liquidity level. High disclosure *of corporate social responsibility causes Stakeholder* trust is also high. Increased profits result in the company's liquidity level also increasing. This indicates that *corporate social responsibility* can increase *the current ratio* and profit growth.

H 4: Corporate Social Responsibility can moderate the influence of the Current Ratio on profit growth.

5. **Influence *Inventory Turnover* Against Growth Profit with *Corporate Social Responsibility* as a moderating variable**

Research by Dian Indah Sari and Slamet Maryoso (2021) , Ni Komang, I Wayan and I Gusti (2019), states that *inventory turnover* has a significant positive effect on profit growth. Meanwhile, research conducted by *Yusri* , Cut DH and Vivin W (2020) shows *that inventory turnover* has no significant effect on profit growth. Based on the results of several studies, inconsistencies are still found which indicates that there are other variables that can moderate the relationship between *inventory turnover* and profit growth . So researcher adding moderating variables *corporate social responsibility* so that it can know what is the moderating variable can strengthen or weaken influence *inventory turnover* against growth profit .

H5: Corporate Social Responsibility can moderate the influence of Inventory Turnover on profit growth.

RESEARCH METHOD

Research approach

This research method uses quantitative research. In This research uses secondary data in the form of company annual reports. The research approach used in this research is the *associative method* . In this research, The associative method is used to explain the influence of *current ratio, inventory turnover* and *book tax differences* on profit growth with *corporate social responsibility* as a moderating variable.

Definition and Measurement of Variables

1. **Research Variables**

dependent variable and independent variable.

a. Dependent Variable

The dependent variable in this research is Profit Growth, which is a ratio that shows the company's ability to increase net profit compared to last year. Profit growth is calculated using the following formula:

$$\text{Pertumbuhan laba} = \frac{laba\ bersih\ tahun\ t1 - laba\ bersih\ tahun{-1}}{laba\ bersih\ tahun\ t{-1}}$$

b. Independent Variable

***Current Ratio* (X ₁)**

Current Ratio is a ratio used to measure a company's ability to pay short-term obligations that will mature within one year. The *Current Ratio* formula is:

$$Current\ Ratio = \frac{Aktiva\ lancar}{Hutang\ Lancar}$$

***Inventory Turnover* (X ₂)**

According to (Kasmir, 2018) *Inventory turnover* is the comparison between the cost of goods sold and the average inventory. The *Inventory turnover* formula is :

$$\text{Inventory Turnover} = \frac{penjualan}{persediaan}$$

***Book Tax Differences* (X ₃)**

Book tax differences are differences in accounting profit and fiscal profit that occur due to differences in regulations between accounting standards and tax regulations. The *Book Tax Differences* formula is:

$$\boxed{BDT = \frac{Laba\ Akuntansi - Laba\ Fiskal}{Total\ Aset}}$$

c. Moderating Variable

The moderating variable in this research is corporate *social responsibility* formula CSR is :

$$\boxed{CSR = \frac{\sum Xij}{nj}}$$

d. Operational Definition

	Variables	Indicator	Scale
	Growth Profit (Y)	PL $= \frac{laba\ bersih\ tahun\ t1 - laba\ bersih\ tahun{-1}}{laba\ bersih\ tahun\ t{-1}}$	Ratio
	Current Ratio (X1)	$Current\ Ratio = \frac{Aktiva\ lancar}{Hutang\ Lancar}$	Ratio
	Inventory Turnover (X2)	$\text{Inventory Turnover} = \frac{penjualan}{persediaan}$	Ratio
	Book Tax Differences (X3)	$BDT = \frac{Laba\ Akuntansi - Laba\ Fiskal}{Total\ Aset}$	Ratio
	CSR (Z)	$CSR = \frac{\sum Xij}{nj}$	Ratio

Data analysis method

1. Descriptive Statistical Analysis

Descriptive statistical analysis is a method that provides a description or picture data that is seen from the average (mean), standard deviation, variance, maximum and minimum.

2. Panel Data Regression Estimation

Panel data regression analysis is a combination of time series data and cross section data, where the unit is the cross section. According to (Basuki & Prawoto, 2016:276) in estimating regression capital using panel data there are three approaches that can be used, namely the Common Effect Model, the fixed effect method (Fixed Effect Model) and the random effect method (Random Effect Model).

3. Panel Data Model Estimation Selection Technique

a. Test Chow

The Chow test is used to choose whether the method used should use the common effect model (CEM) or the Fixed Effect Model (FEM) (Eksandy, 2018:72).

b. Hausman test

The Hausman test is used to choose whether the model used should use the Random Effect Model (REM) or the Fixed Effect Model (FEM) (Eksandy, 2018:74).

c. Lagrange Multiplier Test

The Larange Multiplier test is used to choose whether the model used should use the Random Effect Model (REM) or the Common Effect Model (CEM) (Eksandy, 2018:75).

4. Classic Assumption Test

a. Multicollinearity Test

Multicollinearity tests need to be carried out on regressions that use more than one independent variable, this is to find out whether there is a mutual influence between the independent variables studied (Eksandy, 2018:77).

b. Heteroscedasticity Test

The heteroscedasticity test needs to be carried out to determine whether or not there are differences in variance from the residuals of the panel data regression model (Eksandy, 2018:79). The decision whether heteroscedasticity occurs or not in the regression model is to look at the Prob value .

5. Hypothesis Testing

a. F test

The model feasibility test or what is called the F test is used to explain whether all independent variables included in the model together have an influence on the dependent variable, or in other words the model is fit or not.

b. Adjusted R-Squared Test (Coefficient of Determination)

The results of the coefficient of determination explain how far the regression model's ability to explain variations in the independent variable affects the dependent variable. The greater the adjusted R Squared results, the better because this identifies the better the independent variable in explaining the dependent variable (Eksandy, 2018: 83).

Criteria Coefficient Determination

Coefficient Interval	Relationship Level
0.00 – 0.199	Very weak
0.20 – 0.399	Weak
0.40 – 0.599	Currently
0.60 – 0.799	Strong
0.80 – 1,000	Very strong

Source: (Sugiyono, 2019:248)

c. t test

The results of the t test explain the partial significance of the influence of the independent variable on the dependent variable (Eksandy, 2018:85).

6. Panel Data Regression Analysis

Panel Data Regression Analysis is a combination of cross section data and time series data, where the same cross section units are measured at different times. So in other words, panel data is data from several of the same individuals observed over a certain period of time (Eksandy, 2018:45).

$$Y_1 = \beta o + \beta\ 1\ X1 + \beta\ 2\ X2it + \beta\ 3X3it + \beta\ X4it + eit$$

Where:

Y = TL

β_o = constant

β1,2,3 ,4 = Independent Variable Regression Coefficient

X_1 = CR

X2 = ITO

X3 = BDT

Z = CSR

I = company

t = Time

e = Residual / error

RESULTS STUDY AND DISCUSSION

This study took a sample of manufacturing companies in the consumer goods industry sector 2015-20 21 which were listed on the Indonesian Stock Exchange based on the *purposive sampling* method .

Data analysis
The following is data analysis using the Eviews 9.0 program:
Descriptive Statistical Analysis

According to (Sugiyono, 2019:238) descriptive statistical analysis is statistics used to analyze data by describing or describing the data that has been collected as the data without the intention of making general conclusions or generalizations.

Descriptive Statistical Analysis Results

	Tel	ROE	SK	EKA
Mean	77.72059	0.271103	0.568926	5.441176
Median	78.50000	0.150000	0.675000	4,000000
Maximum	156,0000	1,489000	0.925000	13,00000
Minimum	29,00000	0.001000	0.010000	2,000000
Std Dev.	22.58836	0.372278	0.307854	2.673152

Estimation of Panel Data Regression Models

The approach chosen in this research is a Random Effect Model with the following results:

Variable Conficient Std. Error t-Statistic Prob C 98.99899 10.37931 9.538112 0.0000 CR -23.58190 11.20386 -210480 0.0392 ITO -11.56514 13.03295 -0.887376 0.3782 BDT -1.526428 1.052215 -1.450680 0.1518 CSR -11.12413 14.02142 - 0.756432 0.3171
Weighted Statistics
R-squered 0.114835 Mean dependent var 33.09327 Adjusted 0.073343 to dependent var 14.40446 SE of regression 13.86617 sum squared 12305.32 F-statistic 2.767631 durbin-welson stat 1.859777 Prob(F-statistic) 0.048847

d. Model Conclusion

Based on the results of the panel data regression model test, it can be concluded that the model selected in this test is as follows:

Conclusion of the Panel Data Regression Model used

No	Method	Examiner	Results
1	Test Chow	CEM VS FEM	FEM
2	Hausman test	REM VS FEM	REM
3	Lagrenge Multiplier Test	CEM VS REM	REM

Based on the results of the three tests above which have been carried out with the Chow test with cross-section F (0.0000) and cross-section chi-square (0.0000) <a (0.05), it means that the fixed effect model (FEM) is more widely used.

Interpretation Results

This research aims to determine the influence of *Current Ratio, Inventory Turnover and Book Tax Differences Corporate Social Responsibility* towards growth profit in the consumer goods industrial sector for the 2016-20 period 21 . So the interpretation is as follows following:

Interpretation Results

Hypothesis	Mark (t-Statistics)	Significance	Results
Constant	98.99899	0.0000	-
H 1	-23.58190	0.0392	Accepted
H 2	-11.56514	0.3782	Rejected
H 3	-1.526428	0.1518	Rejected
Z	-11.12413	0.3171	Rejected
Adusted R-Squered		0.114835	
Prob F Statistics		2.76731	

CONCLUSION

Based on the results of the tests that have been carried out, several things can be concluded as follows:

1. *Current Ratio* Empirically proven to have no effect on growth Profit .
2. *Inventory Turnover* has been empirically proven to have no effect on growth profit .
3. *Book TaxDdifferences* are empirically proven to have no effect on growth profit .
4. CSR Can Moderate the Relationship of Current Ratio to Growth Profit .
5. CSR cannot moderate the relationship between inventory turnover and growth profit .
6. CSR cannot moderate the relationship between book tax differences and growth profit

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