

An Analysis of the Influence of Financial Performance on Profit Growth Predictions (An Empirical Study of Manufacturing Companies in the Real Estate and Property Subsector)

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Keywords

WCTA; DER; TATTOOS; company size; NPM; profit growth and ROA.

ABSTRACT

This study aims to determine the influence of financial performance in predicting profit growth in manufacturing companies in the Real Estate and Property sub-sector on the Indonesia Stock Exchange for the 2017–2022 period. The sampling technique in this study used a purposive sampling method and obtained a sample of 37 companies. The analysis technique used is multiple linear regression analysis and Moderated Regression Analysis (MRA) using SPSS software version 25.0. The results of this study indicate that WCTA, DER, and NPM have no effect on profit growth, while TATO and firm size have an effect on profit growth, and simultaneously WCTA, DER, TATO, UP, and NPM have an effect on profit growth. ROA is able to moderate the relationship between WCTA, TATO, company size, and NPM on profit growth, while ROA is not able to moderate the relationship between DER and profit growth. It is hoped that this research can be used as a consideration for manufacturing companies in the Property and Real Estate sub-sector in order to improve their financial performance so that they will be able to attract more investors and pay attention to the factors that can affect profit growth.

INTRODUCTION

The increasingly competitive global economy requires companies to be able to increase efficiency, productivity, and profitability in a sustainable manner. In the modern business environment, a company's ability to generate profits is the main indicator of business success as well as a measure of attractiveness for investors (Alexandrov et al., 2021; Khazaei, 2021). Profit not only reflects operational results, but also demonstrates the effectiveness of management strategies in managing company resources (Hughes et al., 2018; Sodhi, 2015). Therefore, profit growth is an important concern in the study of financial management and capital markets (Fahmi, 2018).

In Indonesia, companies that have good financial performance tend to gain higher trust from investors, creditors, and other stakeholders (Harahap et al., 2020). Financial performance is generally reflected in financial statements that contain information about the company's assets, liabilities, capital, sales, and profits (Hasanaj & Kuqi, 2019; Yuniawati & Farman, 2023). However, fluctuating economic conditions, changes in interest rates, inflation, exchange rates, and business competition pressures often affect the company's ability to increase profits from year to year (Kasmir, 2018). The impact of declining profit growth is widespread, ranging

from reduced investor interest, declining stock prices, disrupted business expansion, to declining market confidence. In contrast, companies with positive profit growth have a greater chance of obtaining external funding, expanding markets, and increasing the company's value. Therefore, companies need analytical tools that are able to predict changes in profits through relevant financial indicators (Harahap, 2018).

One of the widely used approaches is financial ratio analysis. Financial ratios are able to provide an overview of the company's internal conditions from various aspects, such as liquidity, solvency, activity, and profitability. In this study, the variables used include Working Capital to Total Assets (WCTA), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), company size, and Net Profit Margin (NPM). In addition, Return on Assets (ROA) is used as a moderation variable because it reflects the effectiveness of asset use in generating profits (Hery, 2019). Working Capital to Total Assets describes the ability of working capital to support the company's total assets. The Debt to Equity Ratio shows the financing structure between debt and equity (Nukala & Prasada Rao, 2021; Nwaogwugwu & Okereke, 2025). Total Asset Turnover describes the efficiency of using assets in generating sales. Company size indicates the company's financial capacity and strength, while the Net Profit Margin reflects the ability to generate net profit from sales. These five ratios are estimated to be closely related to the growth of the company's profits (Brigham & Ehrhardt, 2003).

The object of the research is focused on Real Estate and Property sub-sector companies listed on the Indonesia Stock Exchange for the 2017–2022 period. This sector was chosen because it has capital-intensive business characteristics, depends on asset management, and is sensitive to macroeconomic conditions. In addition, people's needs for housing and property continue to increase, making this sector one of the attractive investment destinations. However, the property sector is also vulnerable to fluctuations in profits due to changes in people's purchasing power and national economic policies (Heizer et al., 2018). The phenomenon of declining profits in several property companies during the COVID-19 pandemic shows that companies are not necessarily able to maintain profitability even though they have large assets. This condition raises questions about what financial factors truly affect a company's profit growth. Therefore, it is necessary to conduct empirical research that is able to explain the influence of each financial ratio on profit growth in the property sector (Putri & Ghazali, 2021). The novelty of this study lies in the use of ROA as a moderation variable in the relationship between financial ratios and profit growth. Some previous studies have focused more on the direct influence of financial ratios on profits, while this study examines whether a company's profitability is able to strengthen or weaken that relationship. In addition, the 2017–2022 research period includes the periods before, during, and after the pandemic, resulting in a more comprehensive picture (Sugiyono, 2025).

The urgency of this research is further heightened because the property sector makes a significant contribution to national economic growth through development, job creation, and multiplier effects on other sectors (Gašperová et al., 2017; Kumari, 2018; Kurniawan et al., 2024). If the profit growth of property companies declines continuously, the impact can extend to the construction, banking, and household consumption sectors. Therefore, a profit growth prediction model is needed by management and investors (Kasmir, 2018). The purpose of this study is to analyse the influence of WCTA, DER, TATO, company size, and NPM on profit growth, as well as to test the role of ROA as a moderation variable in Real Estate and Property

companies listed on the Indonesia Stock Exchange for the 2017–2022 period. With the achievement of these goals, it is hoped that the most dominant variables influencing the company's profit growth will be identified (Fahmi, 2018).

The research novelty lies in five aspects. First, this study uses ROA as a moderating variable in the relationship between financial ratios and profit growth, whereas most previous studies have treated ROA only as an independent or dependent variable. Second, this study focuses specifically on the Real Estate and Property sub-sector, which has capital-intensive characteristics and long project cycles, distinguishing it from general manufacturing or retail sectors previously studied. Third, this study covers the 2017–2022 period, which includes pre-pandemic (2017–2019), during-pandemic (2020–2021), and post-pandemic (2022) phases, providing a comprehensive view of financial ratio effects across different economic conditions. Fourth, this study simultaneously tests five financial ratios representing different dimensions of financial performance: liquidity (WCTA), solvency (DER), activity (TATO), firm size, and profitability margin (NPM), with ROA as moderator. Fifth, this study uses Moderated Regression Analysis (MRA) to test whether ROA strengthens or weakens the relationship between each independent variable and profit growth, providing more nuanced insights than simple direct-effect analysis.

The purpose of this study is to analyse the influence of WCTA, DER, TATO, firm size, and NPM on profit growth, as well as to test the role of ROA as a moderating variable in Real Estate and Property companies listed on the Indonesia Stock Exchange for the 2017–2022 period. The research contribution is threefold: theoretically, extending the financial management literature by testing the moderating role of ROA in the relationship between financial ratios and profit growth in the capital-intensive property sector; practically, providing actionable recommendations for property company management to prioritise asset efficiency and business scale development to drive profit growth; and policy-wise, offering evidence-based inputs for investors in making investment decisions and for regulators in monitoring sector stability. By achieving these goals, it is expected that the most dominant variables influencing company profit growth will be identified, enabling better financial policy decisions.

METHOD

1. Design and Research Direction

This study is designed to examine the relationship between financial performance variables and company profit growth. The research strategy is focused on collecting data on the company's financial statements, measuring financial ratios, and analyzing the relationship between variables so that an empirical picture is obtained regarding the factors that affect profit growth (Sugiyono, 2025). The research approach is directed to be able to provide practical solutions for companies in determining financial policy priorities. By knowing which financial ratios are dominant affects profits, companies can make more informed decisions in managing funds, assets, and profitability (Ghozali, 2021).

2. Research Location and Object Scope

The research was conducted on real estate and property sub-sector companies listed on the Indonesia Stock Exchange. The Indonesia Stock Exchange was chosen because it provides complete, open, and publicly accessible financial statements, thus ensuring the objectivity of

research data (IDX, 2023). The research period covers 2017 to 2022. The selection of this period aims to capture the dynamics of the company's performance before the pandemic, during the pandemic, and after the Covid-19 pandemic. Thus, the results of the study are expected to be more representative in explaining changes in company profits (Sugiyono, 2025).

3. Research Time

The research period covers 2017 to 2022. The six-year time span was chosen so that the research was able to capture changes in the company's financial condition in several economic phases, namely the normal period before the Covid-19 pandemic, the period of economic stress during the pandemic, and the recovery period after the pandemic. By using a fairly long time span, this study is expected to be able to see the pattern of profit growth in a more objective and sustainable manner (IDX, 2023). The selection of this period also provides analytical benefits as property companies during the pandemic experienced various pressures, such as declining sales, delayed projects, changes in consumer purchasing patterns, and increasing investor caution. This condition is very important to analyze because it can show the resilience of the company's financial ratio in maintaining profits in the midst of a crisis situation (Fahmi, 2018).

4. Population and Research Sample

The population in this study is all companies in the real estate and property sub-sector listed on the Indonesia Stock Exchange during 2017–2022. This population was chosen because all companies are in the same business sector, so they have relatively similar operational characteristics and allow comparisons between entities to be made in a more proportional manner (Sugiyono, 2025). From this population, a sample of 37 companies that meet certain criteria was selected. These criteria include companies that remain registered during the research period, publish complete annual financial statements, and have the data needed to calculate all research variables. Companies that are delisted, do not present complete data, or experience reporting disruptions are not included in the research sample (Ghozali, 2021). The selection of samples with these criteria aims to maintain the quality of research results. Complete and consistent data allows the processing process to run more accurately, reduces the risk of bias, and increases the validity of the conclusions produced. In addition, a representative sample also helps to illustrate the real condition of the property sector in Indonesia (Sugiyono, 2025).

5. Data Types and Data Sources

This research uses secondary data in the form of the company's annual financial statements. Secondary data is chosen because it is sourced from official documents that have been published and have gone through the company's internal audit and supervision process. Thus, the level of data reliability is relatively high and suitable for use in financial research (IDX, 2023). Data sources are obtained from the official website of the Indonesia Stock Exchange, the company's annual report, and other relevant publications. The data collected includes total assets, current assets, current liabilities, total debt, own capital, net sales, net profit, and other components needed in calculating the financial ratio of the research (Kasmir, 2018). The use of secondary data also provides efficiency in research because researchers can

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focus on data processing and interpretation without having to conduct field surveys. In addition, financial statement data provides an objective quantitative measure so that research results are more measurable and can be retested by other researchers (Sugiyono, 2025).

6. Data Collection Techniques

The data collection technique is carried out through the documentation method. The researcher downloads the sample company's annual financial statements, then records all the financial components needed in the research worksheet. Each number used is checked again to ensure that there are no recording errors (Sugiyono, 2025). The documentation stage is carried out systematically based on the name of the company and the year of observation. The structured data preparation aims to facilitate the processing process, compare performance between periods, and accelerate identification if there is incomplete data. All data were then classified according to the research variables (Ghozali, 2021). In addition to recording numerical data, the researcher also conducted a review of supporting information such as industrial conditions, pandemic phenomena, and property sector dynamics that can help the process of interpreting research results. This step is important so that the discussion of results is not only statistical but also has a clear economic context (Fahmi, 2018).

7. Data Processing and Analysis Techniques

The data that has been collected is first compiled in the form of tabulation based on the company and year of observation. After that, the calculation of the entire financial ratio is carried out according to the operational formula of each variable. This stage is important so that raw data is transformed into information that is ready to be analyzed statistically (Sugiyono, 2025). Next, descriptive statistical analysis was carried out to see an overview of the data, such as average value, highest value, lowest value, and standard deviation. Descriptive statistics help to understand the general condition of the property sector during the study period, including the level of variation between companies (Ghozali, 2021). The next stage is to test the feasibility of the data to ensure that the analysis model can be used appropriately. After the data is eligible, testing is carried out for the influence of independent variables on profit growth partially and simultaneously. Partial testing aims to find out the variables that affect them individually, while simultaneous testing aims to find out the influence of all variables together (Ghozali, 2021). Then moderation testing was carried out to see if ROA strengthened or weakened the relationship between independent variables and profit growth. Through this stage, the research is expected to be able to explain that profitability is not only the end result, but also a factor that determines the effectiveness of a company's financial policy (Sugiyono, 2025).

RESULT AND DISCUSSION

1. Overview of Research Object

This research uses objects of real estate and property sub-sector companies listed on the Indonesia Stock Exchange during the period 2017–2022. The selection of this sector is based on the characteristics of industries that have high asset intensity, large capital needs, and are greatly influenced by macroeconomic conditions such as interest rates, inflation, and people's purchasing power. The property sector also has an important contribution to the national

economy because it is closely related to the construction, banking, building materials, and household consumption sectors (IDX, 2023).

During the research period, the property industry experienced considerable dynamics. In 2017–2019 this sector tended to move steadily, then experienced significant pressure in 2020–2021 due to the Covid-19 pandemic, and began to show recovery in 2022. This condition makes this sector relevant to assess whether financial ratios are able to explain the company's profit growth consistently under various economic conditions (Fahmi, 2018).

The number of companies that meet the sample criteria is 37 companies, so that with a six-year period, a total of 222 observations were obtained. This amount of data is considered adequate to provide an empirical picture of the relationship between financial performance and profit growth in Indonesia's property sector (Sugiyono, 2025).

Table 1 Research Sample Criteria

Yes	Sample Criteria	Quantity
1	Real estate & property companies listed on the IDX	65
2	Inconsistent publication of financial statements	(18)
3	Incomplete data	(10)
4	Companies that meet the requirements of the sample	37

Source: Researcher-processed data, 2026

2. Description of Research Variables

This study uses one dependent variable, namely profit growth, five independent variables, namely Working Capital to Total Assets (WCTA), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), Company Size, and Net Profit Margin (NPM), and one moderation variable, namely Return on Assets (ROA). These variables were chosen because they theoretically represent the dimensions of liquidity, solvency, activity, business size, and profitability of the company (Kasmir, 2018).

Profit growth is used as the main indicator of a company's success in improving performance over time. WCTA shows the ability of working capital to support the company's assets. DER describes the level of use of debt in the capital structure. TATO shows the effectiveness of the use of assets in generating sales. The size of a company represents the scale of the business through total assets. NPM measures the efficiency of a company in generating net profit from sales. Meanwhile, ROA shows the effectiveness of total assets in generating profits (Hery, 2019).

3. Descriptive Statistical Results

Descriptive statistical analysis was carried out to see an overview of the research data through minimum, maximum, average, and standard deviation values. These statistics are important to understand the basic characteristics of the sample firms during the observation period (Ghozali, 2021).

Table 2 Descriptive Statistics of Research Variables

Variabel	Minimum	Maximum	Mean	Std. Dev
Profit Growth	-1.25	2.74	0.214	0.632
WCTA	-0.18	0.67	0.241	0.155
THE	0.12	3.84	1.287	0.842

THIS	0.04	1.26	0.472	0.238
Company Size	26.10	32.44	29.186	1.622
NPM	-0.54	0.48	0.086	0.141
LENGTH	-0.07	0.19	0.041	0.052

Source: Researcher-processed data, 2026

Based on the table above, profit growth has a positive average of 0.214, which shows that in general the company still experienced an increase in profit during the research period. However, a negative minimum value indicates that there are several companies that have experienced a sharp decline in profits, especially during the pandemic (IDX, 2023).

The average DER value of 1.287 indicates that some property companies still have a fairly high dependence on debt-based funding. This is natural because the property sector requires large capital for land acquisition, project development, and long-term financing (Fahmi, 2018).

4. Data Feasibility Test Results

Before the main analysis is performed, the data is tested first to ensure the research model is feasible to use. The test was carried out on data distribution, relationships between variables, and residual stability. The test results show that the data meet the analysis requirements so that it can be continued to the hypothesis testing stage (Ghozali, 2021).

The normality of the data shows the residual distribution around the diagonal line, so the model is judged quite well. No serious symptoms of multicollinearity were found between independent variables because the tolerance value was above the minimum limit and the VIF was below the maximum limit. This means that each variable still has the ability to explain the model independently (Sugiyono, 2025).

5. Partial Test Results (t-test)

Partial testing was carried out to determine the influence of each independent variable on the company's profit growth. The results showed that WCTA, DER, and NPM had no significant effect on profit growth, while TATO and Company Size had a significant effect on profit growth (Ghozali, 2021).

Table 3 Partial Test Results

Variabel	Coeficin	Say.	Remarks
WCTA	0.112	0.214	Insignifikan
THE	-0.083	0.318	Insignifikan
TATTOO	0.367	0.001	Signifikan
Company Size	0.254	0.013	Signifikan
NPM	0.098	0.127	Insignifikan

Source: Researcher-processed data, 2026

The insignificance of the WCTA shows that the amount of working capital does not necessarily directly increase profits. In the property sector, high working capital is often stored in project inventory or long-term receivables so that it has not quickly turned into profits (Kasmir, 2018). DER also has no significant effect, which indicates that the use of debt does not necessarily directly reduce or increase profits. This depends on the effectiveness of the use

of loan funds in financing productive projects (Fahmi, 2018). TATO has a significant positive effect, meaning that the more effective the asset is used to generate sales, the higher the company's profit growth. These findings show that asset efficiency is an important factor in the capital-intensive property sector (Hery, 2019).

The size of the company also has a significant positive effect. Large companies tend to have wider access to funding, stronger marketing networks, and better resilience to economic pressures (Harahap, 2018).

6. Simultaneous Test Results (F Test)

Simultaneous testing showed that all independent variables together had a significant effect on the company's profit growth. This means that the company's profit is not influenced by just one ratio, but a combination of various financial aspects (Ghozali, 2021).

Table 4 Simultaneous Test Results

F Calculate	Sig.	Remarks
9.872	0.000	Signifikan

Source: Researcher-processed data, 2026

These results confirm that companies must manage working capital, debt structure, assets, business size, and profitability simultaneously so that profit growth can increase optimally (Sugiyono, 2025).

7. ROA Moderation Results

Moderation testing showed that ROA was able to moderate the relationship between WCTA, TATO, Company Size, and NPM to profit growth, but ROA was unable to moderate the relationship between DER and profit growth (Ghozali, 2021).

This means that a company's ability to generate profits from its assets can strengthen the benefits of working capital, asset efficiency, company scale, and profit margin to profit growth. However, ROA is not strong enough to explain the relationship between debt structure and profit, possibly because debt factors are more influenced by interest costs and market risk (Fahmi, 2018).

Table 5 Moderation Test Results

Variable Relationships	Results
WCTA × ROA → Profit Growth	Moderation
DER × ROA → Profit Growth	Not Moderation
TATO × ROA → Profit Growth	Moderation
Company Size × ROA → Profit Growth	Moderation
NPM × ROA → Profit Growth	Moderation

Source: Researcher-processed data, 2026

1. Overview of Research Findings and Relevance to Research Problems

This research was conducted to answer the main problem of whether financial performance can be used as a tool to predict profit growth in real estate and property sub-sector companies listed on the Indonesia Stock Exchange for the 2017–2022 period. This problem is important because the property sector is a capital-intensive industry that is very sensitive to changes in macroeconomic conditions, interest rates, people's purchasing power, and capital

market stability. In these conditions, it is not enough for companies to have large assets, but must be able to manage resources effectively in order to generate profits that grow sustainably (Fahmi, 2018).

The results of the study show that not all financial ratios have the same influence on profit growth. The variables of Total Asset Turnover (TATO) and Company Size were proven to have a significant effect on profit growth, while Working Capital to Total Assets (WCTA), Debt to Equity Ratio (DER), and Net Profit Margin (NPM) did not have a significant effect partially. But simultaneously, all variables have an influence on profit growth. These findings show that the profit growth of property companies is influenced by a combination of many factors, not just one financial indicator (Ghozali, 2021). In general, these results confirm that the property sector requires greater asset management efficiency and business scale strength than just short-term liquidity or debt structures. This is in accordance with the characteristics of the property industry which is oriented towards long-term projects and requires the management of high-value assets such as land, buildings, and projects in completion (Kasmir, 2018).

2. The Effect of Working Capital to Total Assets on Profit Growth

The results of the study show that Working Capital to Total Assets does not have a significant effect on profit growth. These findings indicate that the amount of working capital owned by property companies is not necessarily able to drive an increase in profits directly. In the property industry, working capital is often in the form of project inventory, ready-to-build land, instalment sales receivables, or project advances that have not immediately generated real income (Harahap, 2018).

This condition explains why companies can have high working capital but their profit growth does not necessarily increase. Current assets in the property sector are not converted into cash as quickly as in the trading or manufacturing industries. In other words, the quality of working capital is more important than the quantity of working capital itself. If working capital is held up in projects that are slow to sell, the company's profits will not grow optimally (Hery, 2019).

In terms of solutions, companies need to increase the effectiveness of working capital through accelerating unit sales, managing customer receivables, and improving project cycle efficiency. Management also needs to maintain a balance between property inventory and market demand so that funds are not tied up in illiquid assets for too long. If this strategy is implemented, working capital can be transformed into productive cash flow that drives the company's profits (Fahmi, 2018). This finding is in line with the research of Irwan et al., which stated that WCTA has no significant effect on profit growth. This reinforces the view that in certain sectors, particularly in property, working capital is not the only indicator of a company's profitability (Sugiyono, 2025).

3. The Effect of Debt to Equity Ratio on Profit Growth

The Debt to Equity Ratio in this study did not have a significant effect on profit growth. This result shows that a company's high debt does not necessarily have a direct impact on the increase or decrease in profits. In property companies, the use of debt is often a normal necessity because development projects require large funds from the outset. Therefore, debt in

this sector is not always a negative signal, but rather a tool for business expansion (Kasmir, 2018).

However, high debt still carries risks. If loan funds are not used productively, interest expenses will reduce the company's profit. On the other hand, if debt is used for projects with a high sales rate, profits can increase accordingly. This is the reason why DER does not show a significant effect in general, as its impact is highly dependent on the quality of debt management (Brigham & Ehrhardt, 2003).

The solution that companies need to adopt is to ensure that any additional debt is directed towards projects that have a high rate of return, a realistic construction schedule, and clear market demand. In addition, companies must keep debt ratios within safe limits so as not to burden cash flow. Refinancing strategies and the rescheduling of obligations are also important when economic conditions weaken (Fahmi, 2018). These findings are in line with several previous studies that found DER to have no effect on profit growth, though they differ from other studies that have found a significant effect. This difference indicates that leverage is greatly influenced by industry context and the economic conditions prevailing at the time the research was conducted (Sugiyono, 2025).

4. The Effect of Total Asset Turnover on Profit Growth

Total Asset Turnover has proven to have a significant positive effect on profit growth. This finding is one of the most important results in the study, as it shows that the efficiency of asset use is a key factor in increasing profits in the property sector. The higher the company's ability to utilize assets to generate sales, the greater the opportunity for profit growth (Hery, 2019).

The property industry is synonymous with the ownership of large assets, such as land, buildings, construction projects, and property investments. If the asset is productive and quickly generates sales, the company will earn higher revenue. On the other hand, idle assets will incur maintenance costs, depreciation, and opportunity costs without contributing to profits (Harahap, 2018).

From a managerial perspective, this result sends a message that it is not enough for companies to simply increase assets, but must ensure assets work productively. Strategies that can be carried out include accelerating project marketing, idle land utilization, investment collaboration, digitizing sales, and optimizing asset portfolios. In this way, assets become a source of real profit growth (Fahmi, 2018). This finding is consistent with R. Adi Setiawan's (2021) research which states that TATO has an effect on profit growth. Thus, the novelty of this study reinforces that activity ratio has a dominant role in Indonesia's property sector.

5. The Effect of Company Size on Profit Growth

The size of the company has a significant positive effect on profit growth. This means that the larger the scale of the company, the greater the chance of generating profit growth. Large companies generally have stronger assets, wider access to financing, larger marketing networks, and higher market confidence than small companies (Kasmir, 2018).

In the property sector, the size of the company is very important because large-scale projects require large capital, a strong reputation, and the ability to complete construction in the long term. Large companies also find it easier to cooperate with banks, investors,

contractors, and the government. These factors increase the capacity of companies to make sustainable profits (Brigham & Ehrhardt, 2003).

The implication is that medium and small companies need to strengthen their business size through gradual expansion, strategic mergers, joint ventures, or increased productive assets. In addition, building a brand reputation and good governance is also important in order to obtain cheaper access to funding (Fahmi, 2018). These findings support the research of Linggasari and Adnantara (2020) which states that company size has a positive effect on financial performance. Thus, the size of the company has proven to be relevant in explaining the profit growth of the property sector.

6. The Effect of Net Profit Margin on Profit Growth

Net Profit Margin has no significant effect on profit growth. Theoretically, high profit margins should drive profit growth. However, in the property sector, profit margins are not necessarily stable every year because revenue is often recognized based on project progress, unit handovers, or certain market conditions (Hery, 2019). This means that a company can have high margins in one year but not necessarily experience sustained profit growth in the next. Margins can also be distorted by non-operating gains such as asset sales or property revaluations. Therefore, NPM is not consistent in explaining profit growth in this sector (Harahap, 2018).

The solution for the company is to maintain profit quality through increased core operating income, construction cost control, and overhead efficiency. Healthy profits should come from the main activity, not from incidental profits. If the quality of profit increases, then long-term profit growth will be more stable (Fahmi, 2018).

7. The Role of Return on Assets Moderation

The results showed that Return on Assets was able to moderate the relationship between WCTA, TATO, Company Size, and NPM to profit growth, but was unable to moderate the relationship between DER and profit growth. These findings are very important because they show that the effectiveness of asset use is a key booster of a company's financial performance (Ghozali, 2021).

A company with a high ROA means that it is able to convert assets into profits efficiently. Under these conditions, good working capital, productive assets, large company size, and high profit margins will be more effective in driving profit growth. On the other hand, if the ROA is low, the advantages of other financial ratios become less optimal because assets are not managed efficiently (Fahmi, 2018).

However, ROA is unable to moderate DER, which indicates that the impact of debt is more influenced by interest structure, loan tenor, and market risk than simply asset efficiency. This explains that debt policy requires a separate strategy beyond operational profitability (Brigham & Ehrhardt, 2003).

CONCLUSION

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This study aims to analyse the influence of financial performance on profit growth in Real Estate and Property sub-sector companies listed on the Indonesia Stock Exchange for the

2017–2022 period, as well as to examine the role of Return on Assets (ROA) as a moderating variable. The main focus of the study is to identify the most relevant financial indicators in explaining changes in corporate profits in sectors that have capital-intensive characteristics and are sensitive to economic dynamics. The results of the study show that the profit growth of property companies is more strongly influenced by the company's ability to utilise assets productively and the scale of business capacity, compared to working capital, debt structure, or profit margin alone. Asset utilisation efficiency has proven to be a strategic factor in improving profit performance, while company size provides advantages in access to funding, operational stability, and market competitiveness. On the other hand, ROA has proven to play an important role in strengthening the relationship between several financial indicators and profit growth, indicating that the effectiveness of asset management is a central element in creating sustainable profits. The contribution of this research lies in strengthening the financial management literature, particularly regarding profit growth predictions in the Indonesian property sector. This study shows that activity and capacity ratios more consistently explain profit growth than liquidity and leverage ratios. In addition, the use of ROA as a moderating variable provides a new perspective, suggesting that asset profitability is not only an end result, but also a determinant of the effectiveness of a company's financial strategy. This study has limitations in scope, as it covers only one industry sector and a specific period, meaning that the generalisation of results remains limited. The variables used also focus on the company's internal indicators without including external factors such as interest rates, inflation, government policies, and other macroeconomic conditions. Therefore, further research is recommended to expand the observation sector, extend the research period, and incorporate external variables and a more comprehensive methodological approach so that the profit growth prediction model becomes more accurate and applicable.

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