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The Influence of Financial Performance on Profit Growth at Pt. Topabiring Trans Logistics Pangkep Regency

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Abstract

This study investigates the influence of financial performance on profit growth at PT Topabiring Trans Logistik, Indonesia, during the 2019–2023 period. Financial performance is measured using three key financial ratios: Net Profit Margin (NPM), Return on Assets (ROA), and Total Asset Turnover (TATO). A quantitative research approach was employed using secondary data derived from the company's annual financial statements. The dataset was analyzed through multiple linear regression supported by classical assumption tests, including normality, multicollinearity, autocorrelation, and heteroscedasticity tests, followed by t-tests, F-tests, and the coefficient of determination using SPSS version 22. The findings indicate that none of the financial performance indicators significantly affect profit growth. The t-test results show that NPM (p = 0.882), ROA (p = 0.933), and TATO (p = 0.730) are all statistically insignificant at the 5% significance level. These findings suggest that changes in profitability and asset utilization were insufficient to explain variations in profit growth during the observation period. The insignificant relationships are likely attributable to the limited number of observations and the influence of external factors, including post-pandemic economic conditions, operational costs, and changes in the company's business environment. This study contributes to the financial performance literature by providing empirical evidence from the Indonesian logistics industry and highlights that profit growth is influenced by broader operational and macroeconomic factors beyond conventional financial ratios. Future research is recommended to employ larger samples, longer observation periods, and additional explanatory variables to improve the robustness and generalizability of the findings.

1. Introduction

The rapid development of the business world in Indonesia demands changes in all sectors, including the economy. Economic developments are directly related to companies in Indonesia. Companies conducting business activities certainly have goals to achieve, one of which is achieving good performance, one of which is corporate profit. Corporate profits naturally increase or decrease each period. This increase or decrease is referred to as profit growth. To calculate profit growth, investors require accounting information, which is generally obtained from the company's fundamental data, namely financial reports. Through financial reports, investors can assess a company's financial performance, particularly through profit growth. Profit growth for a company significantly influences its operating cycle. Stable profit growth can determine the company's continued operational performance. Profit is the result of the company's overall activities, which can be categorized as gross profit and net profit. Gross profit is income earned before deducting existing costs such as interest and taxes, while net profit is income after deducting existing costs such as interest and taxes. Stable profit growth provides a sense of security for the company itself. This situation provides an incentive for managers to run the company optimally in the hope of achieving stable profits each year. However, considering the existence of other factors in the effort to generate optimal profits from a company's financial performance. Financial performance is a description of the financial condition of a company in a certain period to report the

company's financial activities. Company performance is very important in assessing the company's future. To measure a company's financial performance can be seen in its financial statements, namely by looking at its profit. Financial performance can be measured by assessing financial statement analysis. Financial ratio analysis is the basis for assessing and analyzing a company's operational achievements or company performance. Some measuring instruments used to measure financial performance include: liquidity ratios (current ratio, quick ratio, and net working capital), activity ratios (total assets turnover, fixed assets turnover, receivable turnover, inventory turnover, average collection period and day's sales in inventory), profitability or profitability ratios (gross profit margin / GPM, net profit margin / NPM, return on assets / ROA, return on equity / ROE and operating ratio / OR), solvency ratios, and market ratios. In this study, financial performance will be measured using the profitability ratio or return on assets (ROA). ROA represents a profitability ratio that measures a company's ability to generate profits using the total assets owned by the company. The higher the ROA value, the more efficient the company is in using its assets, and will generate profits for the company, indicating better company performance, because funds invested in assets can generate higher earnings after tax (EAT). The relationship between financial performance and profit growth can be seen from the opinion of Harahap (2013: 309), profit growth is the achievement of profit growth from year to year. Based on previous research presented by Lidya (2014), conducted a study on the effect of financial performance (ROA, RIO and ROE) on profit growth in food & beverage industry companies on the Indonesian stock exchange. The results of the study showed that financial performance (ROA and ROI) did not affect profit growth, while financial performance (ROE) had a positive and significant effect on profit growth. Ariesanti's research (2014) conducted a study on the effect of financial performance (ROA) on profit growth in agricultural sector companies on the Indonesian stock exchange. The research results show that financial performance (ROA) has no effect on profit growth. This is in contrast to research conducted by Mardiyati (2014), who conducted a study on the effect of financial performance (ROA) on profit growth in textile and germany manufacturing companies listed on the Indonesia Stock Exchange. The results of the study proved that financial performance (ROA) has a positive and significant effect on profit growth. Ichwan's (2015) study examined the effect of financial performance (ROA and REO) on profit growth in property and real estate companies listed on the Indonesia Stock Exchange. The results of the study showed that financial performance (ROA and REO) had a positive and significant effect on profit growth. This evidence is supported by Gatot's (2014) study on the effect of financial performance (ROA) on profit growth in food and beverage companies listed on the Indonesia Stock Exchange. The results of the study showed that financial performance (ROA) had a positive and significant effect on profit growth. The inequity of findings in explaining the influence of financial performance on profit growth, as shown in the research of Mardiyati (2014), Ichwan (2015) and Gatot (2014) is the reason for the researcher to choose the financial performance variable and its influence on profit growth because it is an interesting thing to study further. PT. Topabiring Trans Logistik is one of the affiliated companies of PT. Semen Tonasa located in Pangkep Regency which was established in 1995. It is a company engaged in transportation services in limestone mines to assist the production system of raw materials for cement making. The current phenomenon experienced by PT. Topabiring Trans Logistik is where the OP which was usually issued by PT. Semen Tonasa is now taken over by PT. Semen Indonesia, thus causing the company's performance to decline which has an impact on its profit acquisition. Therefore, the object of research is financial performance on its profit acquisition. Based on the description above, the

author intends to conduct research with the title "The Influence of Financial Performance on Profit Growth". Problem Formulation

2. Literature Review

2.1 Theoretical Review

2.1.1 Financial Management

Asnaini, Evan Setiawan and Windi Asriani (2012:1), Financial management is a process in regulating financial activities or activities in an organization, which includes planning, analysis and control of financial activities which are usually carried out by financial managers. Financial management can also be interpreted as all activities or activities of a company related to efforts to obtain company funds by minimizing costs and efforts to use and allocate these funds efficiently in maximizing the value of the company, namely the price where prospective buyers are ready or willing to pay if a company sells it. According to Lailatus Sa'adah (2020:2), Financial management is an integration of science and art that examines and analyzes the efforts of a financial manager by using all company human resources to seek funding, manage funding and distribute funding with the goal of being able to provide profits for shareholders and business sustainability for economic entities. Financial management is all company activities related to efforts to obtain the necessary funds at minimal cost and on the most favorable terms along with efforts to use the data as efficiently as possible.

2.1.2 Financial Performance

According to Adinda Asha and Nurul Fatimah (2022), a company's success in achieving its goals can be measured by its financial performance. Good financial performance demonstrates that the company is operating effectively and efficiently. Financial performance is the result of a series of processes that utilize various company resources to optimize their absorption and prepare for developments in the business world. Financial performance refers to a company's ability or achievement in running its business financially, as reflected in its financial statements. Assessing a company's financial performance can be measured by evaluating the company's financial statements. A company's financial performance is a company's achievements or skills, particularly its ability to generate profits. A company's performance is the basis for investors' considerations in selecting investment targets. To measure financial performance, researchers use three variable ratios:

a. Net Profit Margin (NPM) is a financial ratio used to assess a company's ability to generate net profit from total sales. NPM is known as profit from sales. According to Alexandri (2008:200), net profit margin is a ratio used to demonstrate a company's ability to generate net profit after tax. This ratio shows the company's net profit from sales.
b. According to Brigham and Houston (2010: 148) ROA is "the ratio of net profit to total assets measuring the return on total assets". According to Fahmi (2012: 98) the definition of return on assets is: Return on assets is often also called return on investment, because ROA looks at the extent to which the investment that has been invested is able to provide a return on profit as expected and the investment is actually the same as the company's assets that are invested or placed.
c. Total Asset Turnover (TATO) is a ratio that compares sales to total assets. According to Brigham and Houston (2010:139), Total Asset Turnover is a ratio that measures the turnover of all company assets, and is calculated by dividing sales by total assets.

2.1.3. Profit Growth

Profit is the difference between realized revenue and the costs associated with that revenue. Profit can be viewed as a measure of a company's efficiency derived from operational and non-operational results. Past profit values based on historical costs and current values can be useful for managers in predicting future values. A company's successful performance can

be seen from its increasing profits. Profit growth can indicate that management has successfully managed the company's resources effectively and efficiently. Profit growth is the percentage change in the company's profit increase. To predict future profit growth, it is necessary to analyze financial statements using financial ratios. Profit growth refers to the percentage increase in profits received by a company. Profit growth is calculated by subtracting current profit from previous profit and dividing by the profit of the previous period. According to Sustrisno (2013), profit growth is the difference between current year's profit and last year's net profit divided by last year's net profit, calculated by subtracting current profit from previous profit and then dividing by the previous profit. Meanwhile, according to Cahyaningrum (2012), operational profit is the difference between realized revenue generated from trading during a period and the costs associated with that revenue. According to Pascarina (2016), profit growth is the increase in profits generated by a company compared to the previous year (Fina Islamiati Susyana & Nugi Mohamamd Nugraha, 2021). The increase and decrease in profits generated by a company can be influenced by several factors.

According to Hanafi and Halim (2005), factors that influence profit growth include:

a. Company size. The larger a company, the higher the accuracy of expected profit growth.
b. Company age. Newly established companies have less experience in increasing profits, so their accuracy is still low.
c. Leverage level. If a company has a high level of debt, managers tend to manipulate earnings, which can reduce the accuracy of profit growth.
d. Sales level. The higher the sales level in the past, the higher the sales level in the future, resulting in higher profit growth.
e. Changes in past earnings. The greater the change in past profits, the more uncertain future profits will be.

2.1.4. Signaling Theory (Signal Theory)

According to Brigman and Uston (2001), signals are steps taken by a company to inform investors about management's performance. These signals include information about management's efforts to achieve company goals. Information released by a company is crucial because it influences investor decisions. This information is crucial for investors and business owners because it essentially provides a record or overview of the company's condition, both past, present, and future. Company managers are obligated to provide signals about the company's condition to their owners as a form of accountability for managing the company. Signal theory explains why companies must be motivated to provide information to external parties, especially investors. Signal theory also provides information needed by investors to make investment decisions. Signals provide information about a company's condition to its owners and other stakeholders. These signals can be provided by financial management, such as financial reports and profit statements (Ratih Nurmalita Hapsari, 2022).

3. Research Methods

3.1 Types of research

To determine the effect of financial performance using the Net Profit Margin, Return on Asset, and Total Asset Turnover ratios on profit growth at PT. Topabiring Trans Logistik, this study uses a quantitative approach. Quantitative research is a systematic, planned, and structured scientific study of various parts and phenomena and their relationships from the beginning of the study to the final results of the study based on a collection of information data in the form of symbols or numbers (Iwan Hermawan, 2019).

3.2 Location and Time

1. Location

This research was conducted at PT. Topabiring Trans Logistik, located on JL. Poros Bontoa Tonasa 2, Pangkajene and Kepulauan Regency, South Sulawesi.

2. Time

This research requires a target time starting from March to April by looking at financial reports from 2019 to 2023.

3.3 Types and Sources

1. Data Type

a. Quantitative data

The research method known as quantitative data is based on positivism (concrete data). This data consists of numbers that are tested using statistics to determine the relationship between the problem being studied and the results.

b. Qualitative data Qualitative data is non-numerical or numeric data. This data typically contains current analysis within an organization, helping researchers identify problems.

2. Data sources

Primary data is data obtained directly. Primary data can be obtained by conducting direct observations or surveys at the company being studied.

3.4 Population and Sample

1. Population

Sabar (2007) defines population as the unit of objects and the most important elements in a study. Meanwhile, according to Sugiyono (2005), population is a general area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. The population in this study is the financial reports published by PT. Topabiring Trans Logistik. 2019-2023.

2. Sample

According to Arikunto (2006), a sample is a small portion of a population considered representative of the population being studied. Meanwhile, according to Sudjana (2005), a sample is a portion of the population taken using specific methods. The sample used in this study was the balance sheet and profit and loss statements of PT. Topabiring Trans Logistik for the 2019-2023 period.

3.5 Data Collection Techniques

In order to obtain the data needed for this research, the data collection technique used was the documentation method. According to Arikunto (2014), the documentation method involves searching for data on things or variables in the form of notes, book transcripts, financial reports, and so on. In this research, data was collected in the form of annual financial reports contained in the financial statements of PT. Topabiring Trans Logistik, Pangkep Regency.

3.6 Operational Definition of Variables

According to Sugiyono (2019), research variables are attributes, characteristics or values of people, objects, organizations or activities that have certain variations determined by researchers to be studied and then conclusions drawn.

1. Dependent Variable (Y) The dependent variable in this study is Profit Growth (bound variable). Profit growth is the increase or decrease in revenue in a company.
2. Independent Variable (X) An independent variable is a variable that influences another variable. An independent variable is also called a free variable.

a. Net Profit Margin (NPM) According to Kasmir (2016), net profit is divided by net sales. This ratio describes the percentage of net profit a company earns from sales because it includes all elements of income and costs. This ratio can be formulated as follows :

$$NPM = \frac{laba\ bersih}{penjualan\ bersih} \times 100\%$$

b. ROA (Return on Assets)

Return on assets is a ratio that shows the return on assets used by a company. This ratio also measures management's effectiveness in managing its investments. The lower this ratio, the worse, and vice versa (Kasmir,

2014:202). This ratio can be measured using the following formula:

$$Return\ On\ Assets = \frac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Asset} \times 100\%$$

c. TATO (Total Asset Turn Over)

Total Asset Turnover is a ratio used to measure the amount of sales generated from each unit of capital invested in a company's total assets. The results of this ratio can be used as an indicator of a company's ability to maximize its assets to generate sales and increase revenue. This ratio can be measured using the following formula:

$$Total\ Asset\ Turn\ Over = \frac{Penjualan\ (Sales)}{Total\ Aktiva\ (Total\ Asset)} \times 100\%$$

3.7 Data Analysis Methods

Data analysis is a research process that addresses a problem statement by processing the collected data. Determining a data analysis method in research is mandatory, and its determination is based on the type of research being conducted. Data analysis methods significantly influence research results. The data analysis methods that will be used are as follows:

1. Descriptive Statistics Descriptive statistics are statistics used to analyze data by describing or depicting the collected data as it is without the intention of drawing general conclusions or generalizations (Sholikhah, 2016). Descriptive statistics describe data into clearer and more easily understood information (Rena Badriyah, 2021). Descriptive statistics present a description or picture of data viewed from the average (mean), minimum, maximum, and standard deviation values.
2. Multiple Linear Regression Analysis The analytical method used in this study was to determine how to measure the relationship between the dependent variable and the independent variable. Multiple linear regression analysis aims to measure the strength of the (linear) association between two or more variables (Jogiyanto, 2010). The formula for multiple linear regression analysis is :

$$\boldsymbol{Y = a + b_1 NPM + b_2 ROA + b_3 TATOk}$$

Information :

Y	:	Profit growth variable
a	:	Constant
b_1 b_2 b_3	:	Regression coefficient
NPM	:	Net profit margin
ROA	:	Return on Assets

3.8 Classical Assumption Test

a. Normality test

A normality test is a statistical process used to determine whether a sample/population follows a normal distribution. According to Dwi Prayitno (2016), a normality test is the result of a regression model's analysis of whether the error distribution is normally distributed. This allows researchers to determine the correlation between variables. The basis for determining whether residuals are normally distributed is as follows :

1) If the significance value is >0.05, then the test has met the normality assumption and the data is normally distributed.
2) If the significance value is <0.05 then the test does not meet the normality assumption and the data is not normally distributed.

b. Multicollinearity Test

Essentially, multicollinearity is the existence of a perfect (near-perfect) linear relationship between some or all of the independent variables. This test is useful for determining whether a regression model detects a correlation between the independent variables. According to Ghozali (2016), the multicollinearity test aims to determine whether a regression model detects a correlation between the independent variables, namely Net Profit Margin and Total Asset Turnover. Multicollinearity can be detected by

examining the tolerance value or Variance Inflation Factor (VIF). The following conditions apply:

1) If the tolerance value is <0.1 and the VIF value is >10, then multicollinearity occurs.
2) If the tolerance value is >0.1 and the VIF value is <10, then there is no multicollinearity.

c. Autocorrelation Test

Autocorrelation refers to a correlation between observer data, where the emergence of a particular data point is influenced by previous data. The autocorrelation test aims to determine whether a correlation exists between the confounding error in period t and the confounding error in period t-1 (previously) in a linear regression model. If a correlation occurs, it indicates an autocorrelation problem. One way to detect autocorrelation in this study is by using the Durbin-Watson (DW) test, using the following criteria:

1) DW numbers above +2 mean there is negative autocorrelation
2) DW numbers between -2 and +2 mean there is no autocorrelation.
3) DW numbers below -2 mean there is positive autocorrelation.

d. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is a difference in the residuals of one observation from another in the regression model. There are several ways to determine or detect the presence or absence of heteroscedasticity, one of which is by looking at the plot graph between the predicted value of the dependent variable ZPRED and its residual SRESID. The following is the basis of the analysis used :

1) If there is a certain pattern, such as points that form a certain regular pattern (wavy, merging then narrowing), this indicates that heteroscedasticity has occurred.
2) If there is no clear pattern, such as points spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

3.9 Hypothesis Testing

1. Partial Test (t-Test)

A partial test is used to analyze the influence of each independent variable on the dependent variable. The t-test is performed by comparing the calculated t-count with the t-table. To determine the t-table value, a significance level of 5% is set. The hypothesis formula is as follows:

H0 : β =0, Financial performance has no effect on profit growth.

Ha: β ≠0, Financial performance has a positive and significant effect on profit growth.

Decision making criteria

a. : H0 is accepted if the significance value is > than the significance level at a=5% (0.05)
b. Ha is accepted if the significance value is < the significance level at a=5% (0.05)

2. Test the Coefficient of Determination (R^2)

The coefficient of determination essentially measures the extent to which a model is able to apply variations in the dependent variable. The coefficient of determination test is used to see the magnitude of the influence of financial performance as an independent variable on profit growth as a dependent variable. The R^2 value lies between (0) zero and (1) one. If the R^2 value approaches 0, it means that very little variation in the dependent variable is applied by the independent variable. If it turns out that in the calculation the R^2 value moves closer to 1, it means that the greater variation in the dependent variable that can be explained by the independent variable. If it turns out that in the calculation the R^2 value is equal to 0, this indicates that the dependent variable cannot be explained by the independent variable with the formulation.$R^2 = (R)^2 \times 100\%$

3. Model Feasibility Test (F Test)

The F-test was conducted to determine the feasibility of the multiple linear regression

model. There are several criteria for the F-test with a significance level of α=5%, as follows:

a. If the significance value F > 0.05 then the model is not suitable for use in research.
b. If the significance value of the F test ≤ 0.05 then the model is suitable for use in research.

4. Results and Discussion

4.1 Descriptive Analysis of Financial Performance

Presents the descriptive trends of the financial performance indicators of PT Topabiring Trans Logistik during the 2019–2023 observation period. Three financial ratios—Net Profit Margin (NPM), Return on Assets (ROA), and Total Asset Turnover (TATO)—were employed to evaluate profitability and operational efficiency, while profit growth served as the dependent variable. The descriptive statistics indicate substantial fluctuations in the company's financial performance throughout the observation period.

Net Profit Margin declined from 12.73% in 2019 to 5.01% in 2021, before recovering moderately to 7.32% in 2023. This downward trend reflects the company's declining ability to convert sales revenue into net income during the COVID-19 pandemic and the subsequent recovery period. The deterioration of NPM suggests increasing operating costs, declining pricing power, or reduced operational efficiency, all of which adversely affected profitability. Similar evidence has been documented in recent studies showing that transportation and logistics firms experienced considerable pressure on operating margins due to disruptions in supply chains, fuel price volatility, and increasing logistics costs during the post-pandemic period.

Return on Assets exhibited a comparable trend. ROA decreased significantly from 13.56% in 2019 to 5.62% in 2021, indicating that the company's assets generated substantially lower returns during the pandemic period. Although ROA gradually improved to 8.43% in 2023, the recovery remained below the pre-pandemic level. This finding implies that the firm's investment in productive assets had not yet fully translated into improved profitability. Recent empirical studies emphasize that ROA is highly sensitive to operational efficiency, capital allocation decisions, and macroeconomic uncertainty, particularly within transportation-intensive industries.

In contrast, Total Asset Turnover demonstrated relatively stable performance. TATO increased from 106.50% in 2019 to 116.70% in 2022, before slightly declining to 115.19% in 2023. The relatively high asset turnover ratio indicates that the company maintained its operational capacity in generating revenue from available assets despite experiencing fluctuations in profitability. This situation suggests that increasing sales alone was insufficient to improve profit growth because higher revenues were accompanied by proportionally higher operating expenses. Consequently, improvements in operational efficiency did not necessarily translate into enhanced profitability. Comparable findings have been reported in recent panel data studies of logistics and manufacturing companies, where asset utilization improved while profitability remained constrained by rising operational costs.

The trend of profit growth further illustrates the unstable financial performance of PT Topabiring Trans Logistik. After recording positive growth in 2019 (1.43%), profit growth became negative in 2020 and 2021 before returning to positive territory in 2022 and 2023. This volatility reflects the company's vulnerability to external economic shocks and changing business conditions. In transportation and logistics industries, profit growth is generally influenced not only by internal financial performance but also by fuel prices, freight demand, inflation, and macroeconomic conditions. Therefore, fluctuations in accounting ratios alone may not sufficiently

explain variations in corporate earnings growth.

Overall, the descriptive analysis indicates that profitability deteriorated substantially during the pandemic period, whereas operational efficiency measured by asset turnover remained relatively stable. The divergence between profitability and asset utilization suggests that higher sales efficiency did not automatically generate higher earnings because the company simultaneously experienced increasing operating expenses. This phenomenon supports the argument that profit growth is determined by a complex interaction among profitability, operational efficiency, cost management, and external environmental factors rather than by individual financial ratios alone.

Furthermore, it is important to recognize that the present study employs only five annual observations (2019–2023). Such a limited sample size restricts statistical power and may reduce the reliability of inferential analyses. Consequently, the descriptive findings should be interpreted cautiously and viewed primarily as preliminary evidence regarding the financial dynamics of PT Topabiring Trans Logistik. Future research should extend the observation period or incorporate panel data from multiple transportation and logistics companies to improve statistical robustness and external validity.

4.2 Classical Assumption Tests

Prior to estimating the multiple linear regression model, several diagnostic tests were performed to assess whether the data satisfied the assumptions underlying Ordinary Least Squares (OLS) estimation. These tests included the normality, multicollinearity, autocorrelation, and heteroscedasticity tests. Conducting these diagnostic procedures is essential to ensure that the regression coefficients are unbiased, efficient, and statistically reliable. Recent empirical studies similarly emphasize that the validity of regression-based inference depends on meeting these classical assumptions before interpreting the estimated coefficients.

4.2.1 Normality Test

The Kolmogorov–Smirnov test was employed to examine whether the regression residuals followed a normal distribution. The results indicate an Asymp. Sig. (2-tailed) value of 0.200, which exceeds the conventional significance threshold of 0.05. Therefore, the null hypothesis of normally distributed residuals cannot be rejected, suggesting that the residuals approximately satisfy the normality assumption.

The normal distribution of residuals indicates that the estimated regression coefficients are unlikely to be biased due to distributional irregularities. Consequently, hypothesis testing based on the t-statistic and F-statistic can be interpreted with greater confidence. Nevertheless, it should be noted that the sample consists of only five annual observations, meaning that the Kolmogorov–Smirnov test possesses very limited statistical power. Therefore, although the normality assumption appears satisfied statistically, the result should be interpreted cautiously because normality tests are generally less informative in extremely small samples.

4.2.2 Multicollinearity Test

Multicollinearity was assessed using the Tolerance and Variance Inflation Factor (VIF) statistics. The results reveal extremely low tolerance values accompanied by exceptionally high VIF values:

- NPM : VIF = 5154.652
- ROA : VIF = 4176.226
- TATO : VIF = 112.158

These values are substantially above the commonly accepted threshold of 10, indicating severe multicollinearity among the explanatory variables. This finding represents an important methodological issue in the present study. Severe multicollinearity inflates the standard errors of the regression coefficients, making

statistically significant relationships difficult to detect even when genuine relationships exist. Consequently, coefficient estimates become unstable and highly sensitive to small changes in the dataset. This phenomenon may explain why the regression coefficients exhibit inconsistent signs while simultaneously producing insignificant t-statistics despite the model reporting a relatively high coefficient of determination (R^2). Recent methodological studies emphasize that severe multicollinearity reduces the precision of coefficient estimation and complicates the interpretation of individual predictor effects.

The presence of severe multicollinearity is not unexpected in this study because Net Profit Margin (NPM) and Return on Assets (ROA) both measure profitability and are derived from net income. Consequently, these indicators naturally exhibit strong linear relationships. Combined with the very limited sample size (n = 5), the degree of multicollinearity becomes substantially amplified, thereby reducing the robustness of the regression estimates.

Accordingly, the regression coefficients reported in this study should be interpreted with caution. Future studies are encouraged to employ a substantially larger sample, extend the observation period, or utilize panel data from multiple firms to reduce multicollinearity and improve estimation reliability.

4.2.3 Autocorrelation Test

Autocorrelation was examined using the Durbin–Watson (DW) statistic. The regression model produced a DW value of 2.710. A Durbin–Watson statistic substantially above 2 generally indicates the possibility of negative serial correlation among the regression residuals. Although annual financial statement data often exhibit lower autocorrelation than high-frequency time-series observations, the obtained statistic suggests that the residuals may not be completely independent.

Negative autocorrelation implies that positive residuals are likely to be followed by negative residuals and vice versa. Such dependence violates one of the OLS assumptions and may reduce the efficiency of the estimated regression coefficients. However, because the present study employs only five observations, the Durbin–Watson statistic should be interpreted conservatively. With such a limited sample size, the power of autocorrelation tests is considerably reduced, and definitive conclusions regarding serial dependence cannot be established. Therefore, the observed DW statistic should be viewed as an indication rather than conclusive evidence of autocorrelation.

4.2.4 Heteroscedasticity Test

The heteroscedasticity test was conducted using the Breusch–Pagan–Godfrey approach. The regression output indicates an Obs*R-Squared probability value of 0.945, which is substantially greater than the significance level of 0.05. This result suggests that the null hypothesis of homoscedasticity cannot be rejected. Accordingly, the regression residuals exhibit relatively constant variance across observations, implying that the model does not suffer from heteroscedasticity.

The absence of heteroscedasticity indicates that the estimated standard errors remain relatively consistent, thereby supporting the statistical validity of the estimated regression coefficients. Nevertheless, the interpretation of this result should again consider the limited sample size employed in the present study. In very small datasets, statistical diagnostic tests frequently possess limited discriminatory power and may fail to detect underlying violations of model assumptions. Therefore, although the heteroscedasticity test supports the adequacy of the regression model, future studies with larger samples are recommended to verify the robustness of these findings.

4.3 Multiple Linear Regression Results

The multiple linear regression analysis was conducted to evaluate the effects of Net

Profit Margin (NPM), Return on Assets (ROA), and Total Asset Turnover (TATO) on profit growth at PT Topabiring Trans Logistik.

The estimated regression equation is expressed as follows:

$$\text{Profit Growth} = -16.709 + 0.718(\text{NPM}) - 0.369(\text{ROA}) + 0.130(\text{TATO})$$

The intercept of −16.709 indicates that, in the hypothetical absence of all explanatory variables, profit growth would be negative. Although the intercept has limited practical interpretation, it serves as the baseline value for the regression model.

The coefficient of Net Profit Margin (0.718) is positive, suggesting that an increase in profitability derived from sales tends to increase profit growth. However, the estimated coefficient is statistically insignificant (p = 0.882), indicating that improvements in NPM were not consistently associated with higher earnings growth during the observation period. The coefficient of Return on Assets (−0.369) is negative, implying that higher asset profitability was unexpectedly associated with lower profit growth. Nevertheless, this relationship is also statistically insignificant (p = 0.933). The negative coefficient should not be interpreted as evidence of a genuine inverse relationship because the regression model suffers from severe multicollinearity and an extremely limited sample size, both of which substantially reduce coefficient stability.

The coefficient of Total Asset Turnover (0.130) indicates a positive association between asset utilization efficiency and profit growth. However, the corresponding significance level (p = 0.730) confirms that this relationship is not statistically significant. Overall, these results suggest that none of the three financial performance indicators significantly explains profit growth during the 2019–2023 observation period. Rather than indicating the absence of any economic relationship, these findings are more likely attributable to methodological limitations, particularly the extremely small sample size and severe multicollinearity among profitability measures. Previous empirical studies similarly report that insignificant regression coefficients are frequently observed when financial ratios exhibit strong intercorrelations or when regression models are estimated using limited observations.

4.4 Discussion

1. The effect of Net Profit Margin (NPM) on profit growth

Net Profit Margin is used to indicate a company's ability to generate net profit at a certain sales level after taxes. Statistical test results indicate that the NPM variable does not significantly influence profit growth at PT. Topabiring Trans Logistik in 2019-2023. This is stated based on the results of the NPM T-test on profit growth with a value of 0.188, with a significance value of 0.882 > 0.05. This study is inconsistent with research conducted by Ade Pipit Fatmawati and Andi Tenri Awaru (2021), which stated that NPM significantly influences profit growth at PT. Pos Indonesia Persero, Asia Afrika Branch, Bandung. In signaling theory, every company strives to increase its profits, including revenue, to gain investor support. A high profit level signals that the company's condition is good and has good business opportunities in the future, which will indicate the company's good financial performance. Based on this theory, it shows that the Net Profit Margin in this study is partially inconsistent with signaling theory.

2 The effect of Return on Assets (ROA) on profit growth

The research results show that Return on Assets (ROA) has no significant effect on profit growth at PT. Topabiring Trans Logistik. This is stated based on the results of the T-test of ROA on profit growth with a value of -0.105, with a significance value of 0.933 > 0.05. This study is consistent with research conducted by Ade Pipit Fatmawati and Andi Tenri Awaru (2021), which stated that ROA has no significant effect on profit growth at PT. Pos Indonesia

Persero, Asia Afrika Branch, Bandung. In signaling theory, every company strives to increase its profits, including revenue, to gain investor support. A high level of profit signals that the company's condition is good and has good business opportunities in the future, which will indicate good financial performance. From this theory, it shows that Return on Assets in this study is partially inconsistent with signaling theory.

2. Total Asset Turnover (TATO) to profit growth

Total Asset Turnover is a ratio that shows the turnover of total assets measured by sales volume, in other words, how far the ability of all assets to create sales. Based on the results of the study, it shows that Total Asset Turnover has no significant effect on profit growth. This is stated based on the results of the TATO T-test on profit growth with a value of 0.452 where the significance value is 0.730> 0.05. This study is consistent with research conducted by Dindawa, M. Rimawan (2021) which states that TATO has no significant effect on profit growth at PT. Astra Agro Lestari Tbk. In signal theory, every company tries to increase its profits, including income, to gain investor support. A high level of profit signals that the company's condition is good and has good business opportunities in the future, which will indicate good company financial performance. From this theory, it shows that the Net Profit Margin in this study is partially inconsistent with signal theory.

3. Profit growth conditions of PT. Topabiring Trans Logistik .

The profit growth condition in 2019 showed 1.43%, in 2020 it decreased by -0.26%, in 2021 it decreased by -0.36%, in 2022 it increased by 0.04%, in 2023 it increased by 0.29%, the results of this study indicate that the variables Net Profit Margin, Return On Assets, and Total Asset Turn Over do not affect profit growth at PT. Topabairing Trans Logistik for the 2019-2023 period. Factors that influence profit growth conditions are influenced by other ratio variables that are not used in this study.

5. Conclusion

Based on the results of research on the influence of financial performance on profit growth at PT. Topabiring Trans Logistik, Pangkep Regency, the following conclusions can be drawn:

1. From the results of data processing using the SPSS version 22 program, the significance level of the Net Profit Margin (NPM) variable was obtained at 0.882 > 0.05. This result indicates that the effect of NPM on profit growth at PT. Topabiring Trans Logistik 2018-2023 is insignificant.
2. From the results of data processing using the SPSS version 22 program, the significance level of the Return on Assets (ROA) variable was 0.933 > 0.05. These results indicate that the effect of ROA on profit growth at PT. Topabiring Trans Logistik 2018-2023 is insignificant.
3. From the results of data processing using the SPSS version 22 program, the significance level of the Total Asset Turn Over (TATO) variable was 0.730 > 0.05. This result indicates that the influence of TATO on profit growth at PT. Topabiring Trans Logistik 2018-2023 is not significant.

Based on the discussion of the research results, the following are some suggestions:

1. For the author It is hoped that the results of this study can increase the author's knowledge and abilities in the field of research, as well as increase the author's insight into the application of science both in theory and practice and obtain information regarding financial performance on profit growth at PT. Topabiring Trans Logistik.
2. For the company From the results of this study it can be seen that financial performance does not have a significant effect on profit growth, so it is hoped that the company will continue to improve and pay attention to financial performance at PT.

Topabiring Trans Logistik in Pangkep Regency, especially on Net Profit Margin (NPM), Return On Asset (ROA), and Total Turn Over (TATO) in order to obtain maximum profit.

3. For further researchers, it is hoped that this research can be developed by using other variables, as well as increasing the number of samples used, either with different periods or by conducting research in different sectors.

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