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# The Effect of Return on Assets, Debt to Equity, and Total Asset Turnover on Earnings Growth with Company Size as a Moderating Variable in Basic Industry and Chemical Sector Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) for the 2020-2023 Period

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**Abstract**
This study aims to test and analyze the effect of return on assets, debt to equity, and total asset turnover on earnings growth with company size as a moderating variable in manufacturing companies in the basic and chemical industry sectors listed on the Indonesia Stock Exchange (IDX) for the period 2020-2023. The study population was 170 companies. The method used in sampling based on criteria (purposive sampling) obtained 49 companies as samples with a total of 196 observations. The secondary data collection method includes annual financial reports, journals, and related books. This research is quantitative, data analysis is done through PLS-SEM with a two-stage test approach using the Smart PLS 3.0 program. The results showed that return on assets and debt to equity partially had a significant positive effect on earnings growth while total asset turnover partially did not affect earnings growth. Company size is unable to moderate return on assets, debt to equity, and total asset turnover on earnings growth. The implication of this research is to provide insight for company management to pay more attention to the efficiency of asset use and capital structure management to increase profit growth, as well as provide information for investors in considering financial factors before making investment decisions in basic and chemical industry sector companies.
**Keywords:** Return on Asset, Debt to Equity, Total Asset Turnover, Profit Growth, Size of Company

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## INTRODUCTION

Earnings growth is an increase in net profit which is explained in percentage generated by the company in one year so that it can show the results of the company's financial performance in managing its assets (Sihombing et al., 2024). Sustainable profit growth is a top priority for companies, because it not only has an impact on company value, but also attracts external parties such as investors and stakeholders. Poor profit growth can be caused by low return on assets, which indicates that the company is unable to use its assets efficiently to generate profits and indicates that the company's financial performance is weakening.

Company size greatly affects the increase in company profit growth. The larger the size of a company, the greater the access it will get to resources and technology, this will also have an impact on the company's sales level. Company size is an important factor in corporate profit growth, this study uses company size as a moderating variable that will strengthen or weaken the relationship between the independent variables, namely return on assets, debt to equity, and total asset turnover on the dependent variable, namely profit growth.

The company's financial performance can be measured using financial ratios. Financial ratios can measure profitability, liquidity, efficiency, and profit growth of the company. Financial ratios are important because they are used as a measuring tool for decision making for company management and investors and help assess the company's future growth potential. In this journal, the ratios used are return on assets, debt to equity, and total asset turnover.

Quoted from the news (www.bisnis.com) 2021, PT Alkindo Naratama Tbk (ALDO) recorded a net profit attributable to owners of the parent entity of IDR 8.16 billion in the first quarter of 2020, which increased by 79.21% in 2021 to IDR 14.62 billion. the company's assets were IDR 938.79 billion in the first quarter of 2020, which increased in 2021 to IDR 989.61 billion. However, there was a decrease in the company's liabilities of IDR 383.07 billion in 2021, where in 2020 it recorded liabilities of IDR 394.24 billion. From the financial performance of PT Alkindo Naratama in 2021, Return on Assets (ROA) was at 1.47%, this figure is below the standard profitability industry ratio, which means that the company's ability to earn profits is very small compared to the total assets it owns. According to the profitability industry ratio standard, a good return on assets must reach 5.98% (Baharuddin et al., 2024). Return on assets which is low and considered inefficient is able to increase the company's profit growth.

Based on the news published (www.bareksa.com) in 2023 PT Indocement Tunggal Prakarsa Tbk (INTP) obtained net revenue which increased 9.9% from Rp16.32 trillion to Rp17.94 trillion. In 2023, profit before tax expense increased by IDR 2.39 trillion from IDR 2.28 in 2022. Profit in 2023 experienced a 6% increase attributable to owners of the parent entity, with net profit of IDR1.95 trillion from IDR1.84 trillion in 2022. The company's liabilities increased by Rp6.13 trillion to Rp8.68 trillion. The increase in liabilities can be influenced by external and internal factors. If the ratio is high, it will have an impact on external views or creditors on the company's ability to provide high profits (Sa'adah & Nur'ainui, 2020). A high Debt to Equity Ratio reflects the increasing value of liabilities. Based on this phenomenon, it can be seen that the company's Debt to Equity Ratio has increased, but it can still achieve an increase in company profits.

Quoted from the news (www.cnbcindonesia.com) 2023, PT Charoen Pokphand Indonesia Tbk (CPIN) recorded a 2022 period profit attributable to owners of the parent entity of IDR 2.94 trillion, which fell 19.03% from 2021 of IDR 3.63 trillion. This was indicated by the company's cost of goods sold, which increased from IDR 43.55 trillion in 2021 to IDR 48.72 trillion in 2022. The results of the financial statements obtained, sales of PT Charoen Pokphand Indonesia Tbk. rose 9.9% to IDR 56.86 trillion from IDR 51.69 trillion in 2021. The asset section was also recorded to have increased by 12.41% to IDR 39.84 from IDR 35.44 from 2021. The increase was inversely proportional to the company's liability reporting, which increased by 31.31% to IDR13.52 trillion from IDR13.52 trillion in 2021. The simultaneous increase in sales and liabilities can make it difficult for the company to maintain profits, which eventually plummet. This must be considered carefully, because if liabilities continue to increase, it could

indicate a liquidity problem or excessive debt burden in the company (Binekasri, 2023). The greater the total asset turnover ratio, the more effective the company is in using assets to generate sales (Komala et al., 2024).

A lot of research has been conducted to examine the factors that influence earnings growth but the results are inconsistent, some say they have an effect and some say they have no effect. According to the results of previous research, Return on assets has a positive influence on corporate profit growth (Amin et al., 2024). Debt to equity ratio has a significant effect on profit growth (Ismanto & Moorcy, 2023). Total assets turnover has a significant effect on earnings growth (Nasution & Sitorus, 2022). Company size has a negative effect on earnings growth (Return on assets has no effect on company profit growth (Fatimah & Hertina, 2022). Debt to Equity Ratio has no effect on profit growth (Damayanti & Erdkhadifa, 2023). Total assets turnover has no effect on profit growth (Damayanti & Erdkhadifa, 2023). Company size has no effect on earnings growth (Dewi et al., 2023).

Based on existing phenomena, researchers want to review more deeply the factors that can affect company profit growth. This research is a development of previous research (Amin et al., 2024), entitled "The Effect of Return on Assets, Current Ratio and Debt to Equity Ratio on Earnings Growth in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 Period". The novelty carried out in this study lies in the independent variables, moderating variables, research objects, and research periods. In this study, the current ratio variable was not used so that it was replaced by the total asset turnover variable. The change from Current Ratio to Total Asset Turnover in this study was carried out because the main focus of the study was to analyze how companies in the basic and chemical industry sector manage their assets to drive profit growth. Current Ratio emphasizes more on the company's ability to meet short-term liabilities, while in a manufacturing industry like this, what is more important is how efficiently the company uses all its assets to generate revenue. Companies in this sector generally have large investments in fixed assets, so the effective use of assets is a key factor in determining their financial performance. Therefore, replacing Current Ratio with Total Asset Turnover is considered more relevant to see its impact on earnings growth more comprehensively.

Researchers use the object of manufacturing companies, where efficiency in asset use has a major effect on long-term company profitability which will have an impact on company profit growth. In this study, researchers added a moderating variable, namely company size. Previous researchers used the object of food and beverage companies listed on the Indonesia Stock Exchange (IDX), while in this study using the object of basic and chemical industry sector companies listed on the Indonesia Stock Exchange (IDX). The previous research period started from 2018 to 2022, while this research period started from 2020 to 2023.

## LITERATURE STUDY

### Profit Growth

Earnings growth refers to the change (increase or decrease) in a company's profit in a certain period, expressed as a percentage by calculating the difference between revenue and costs. A profit growth is considered optimal if it increases by 10% or more compared to the previous year (Siregar, 2024). Profit has several characteristics including the following (Farhan, 2021):

1. Profit is based on transactions that actually occurred.
2. Profit is based on the postulate of periodization, meaning the company's achievements over a certain period .
3. Earnings are based on the revenue principle which requires a specialized understanding of the definition, measurement, recognition of revenue.
4. Profit requires measurement of costs in the form of historical costs incurred by the company to earn certain revenues.

5. Profit is based on the principle of matching between revenue and costs that are relevant and related to a particular revenue.

Profit growth formula according to Rakhmawati, 2008 in Dewianawati, 2022:

$$\text{Profit Growth Formula} = \frac{\text{Net profit t-Net profit t-1}}{\text{Net profit t-1}}$$

**Return On Asset (ROA)**

Return on Assets (ROA) is used as a measuring tool to assess the extent to which the company's assets can be utilized to generate profits or profits (Hendrayanti, Fauziyanti, Estuti, Casari, Indriastuti, 2023). The usefulness of return on assets is to measure the company's ability to earn profits during a certain period, to compare the company's profits from year to year, to assess its development, and to measure net profit margins. Thus, in general, the use of return on assets is very important for a company (Hutabarat, 2020).

The higher the Return on Assets (ROA) value, the higher the net profit earned from each rupiah invested in total assets. Conversely, the lower the Return on Assets (ROA) value, the lower the net profit earned from each rupiah invested in total assets (Hery, 2023)

The formula for return on assets according to Sudana, 2015:

$$\text{Return on Assets (ROA)} = \frac{\text{Earnings after taxes}}{\text{Total Assets}}$$

$H_{1a}$: Return on assets has a positive effect on earnings growth.
$H_{2a}$: Company size is able to moderate the relationship between return on assets and earnings growth.

**Debt to Equity (DER)**

Debt to Equity Ratio (DER) is a ratio that compares the amount of debt with equity or capital owned by the company in other words how much the company's capital can be used to guarantee its debt obligations (Sawir, 2018 in Parlina et al., 2023). From the perspective of the ability to meet long-term obligations, the lower the ratio, the better the company's ability to pay off long-term obligations. this ratio is a ratio used to evaluate debt with equity. This ratio is useful for knowing the amount of funds provided by loans (creditors) with company owners. In other words, this ratio serves to know every rupiah of own capital used as collateral for corporate debt (Darmawan, 2020).

In general, large companies have easy access to various sources of funding including debt, so that the greater the size of the company, the greater the company's ability to withstand greater debt risk, which is reflected in a higher DER, a high DER can get high profit growth if the debt is used productively.

The debt to euity formula according to Sa'adah & Nur'ainui, 2020:

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

H1b: Debt to equity has a positive effect on earnings growth.
H2b: Company size is able to moderate the relationship between debt to equity on earnings growth

**Total Asset Turnover (TATO)**

Total Asset Turnover (TATO) or total asset turnover is a ratio used to assess how fast the turnover of funds in the company's assets. In addition, this ratio also serves to measure the extent to which the company's ability to utilize the company's assets in supporting sales activities (Seto et al., 2023).

Total Asset Turnover (TATO) which is managed efficiently can increase sales by utilizing its assets so as to increase profit growth. Company size is able to moderate between Total Asset Turnover (TATO) and profit growth because the size of the company affects the level of sales which has an impact on profit growth.

The formula for total asset turnover according to Sudana, 2015:

$$\text{Total Assets Turnover} = \frac{\text{Sales}}{\text{Total assets}}$$

H1c: Total asset turnover has a positive effect on earnings growth.
H2c: Company size is able to moderate the relationship between total asset turnover and earnings growth.

**Company Size**

According to (Butar and Sudarsi, 2012 in Wardila et al., 2023), company size describes the size of the company. Company size can also be defined as determining the number of members involved in choosing how to control activities in an effort to achieve goals. A large company size has a further view so that it participates more in fostering social performance, so company size can affect the company's social performance.

The formula used to calculate company size is as follows (Octaviany et al., 2019):

$$\text{Company Size} = \text{Ln (Total Assets)}$$

**Conceptual Framework**

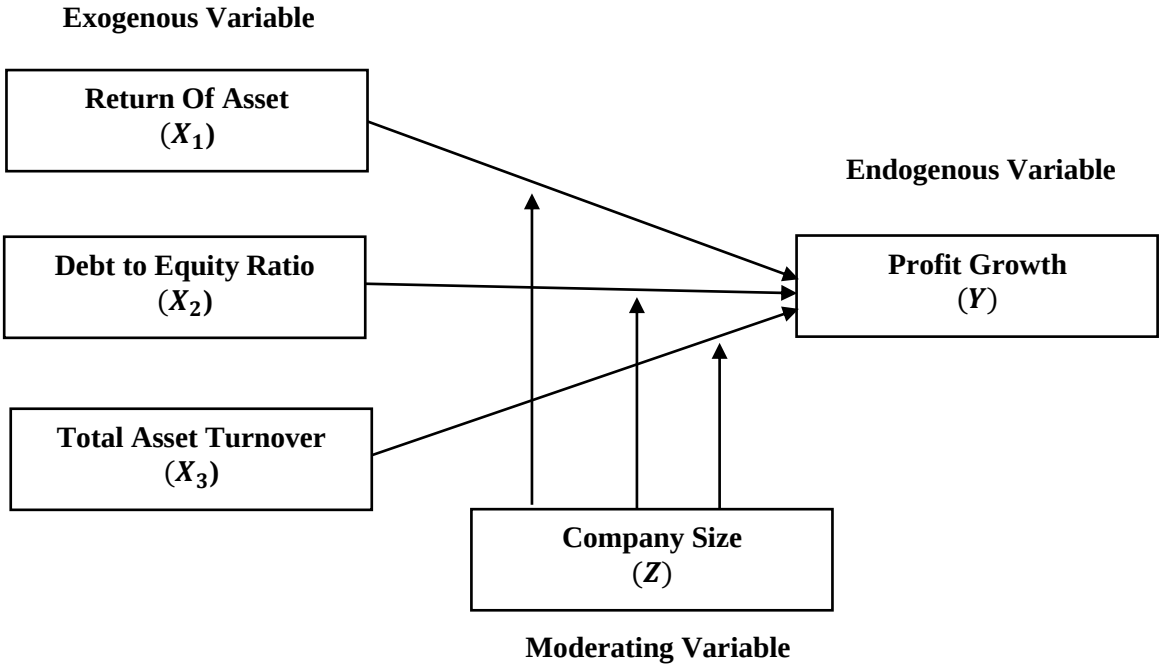


**Figure 1.** Conceptual Framework

## METHODS

The research object in this study is manufacturing companies in the basic and chemical industry sector listed on the Indonesia Stock Exchange (IDX) during the period 2020-2023. The study population consists of 170 companies engaged in the sector. To determine the sample, this study uses purposive sampling method, which is a sample selection technique based on certain criteria set by the researcher. After applying these criteria, the number of companies that qualify as research samples is 49 companies, with a total of 196 observations. This number of

observations is obtained from the number of samples (49 companies) multiplied by the research period (4 years), resulting in 49 × 4 = 196 observations.

The analytical method used in this study is adjusted to the construct of the research model, namely the formative constructs whose each indicator defines or explains the characteristics of the construct domain with the direction of the indicator, namely from the construct indicator. The data analysis method used is Partial Least Square - Stucture Equation Modeling with a two-stage test approach using the SmartPLS version 3.0 application. which is a technique used to test moderation effects using formative constructs (Ghozali, 2021).

The research model used in the outer model in this study is as follows (Ghozali, 2021):

$$\eta = \alpha + \beta\iota\xi\,\iota + \beta 2\xi 2 + \beta 3\xi 3 + \beta 4Z + \varepsilon$$

Description:
η : Earnings Growth
α : Constan
β1−β4 : Path Coefficient
ξ1 : Return on Assets (ROA)
ξ2 : Debt to Equity Ratio (DER)
ξ3 : Total Asset Turnover (TATO)
Z : Company Size
ε : Standard Error

Meanwhile, the research model used in the inner model in this study is as follows (Ghozali, 2021):

$$\eta = \alpha + \beta\iota\xi\iota + \beta 2\xi 2 + \beta 3\xi 3 + \beta 4Z + \beta 5\xi\iota.Z + \beta 6\xi 2.Z + \beta 7\xi 3.Z + \varepsilon$$

Description:
η : Earnings Growth
α : Constan
β1−β7 : Path Coefficient
ξ1 : Return on Assets (ROA)
ξ2 : Debt to Equity Ratio (DER)
ξ3 : Total Asset Turnover (TATO)
Z : Company Size
ξ1.Z : Interaction between Return on Assets (ROA) and Company Size
ξ2.Z : Interaction between Debt-to-Equity Ratio (DER) and Company Size
ξ3.Z : Interaction between Total Asset Turnover (TATO) and Company Size
ε : Standard Error

**Outer Model Test**

The outer model shows how each indicator block relates to its latent variable. Which consists of 2 test steps, namely the significance test, the results of which can be seen from the significance of the weight of each indicator on the construct by resampling with a value of ≤0.05 or weight T-statistics> 1.96 and the Variance Inflation Factor (VIF) test, if the VIF value is ≤ 5, it passes the outer model test, while if the VIF value is > 5, it does not pass the outer model test (Ghozali, 2021).

**Model Fit Test**

The Fit model test describes how well a particular measure of fit describes the general factor model with a fit model performed on a series of observations. This fit model test is explained as follows (Ghozali, 2021):

1. Standardized Root Mean Square Residual (SRMR) is the difference between the observed correlation and the implied relationship matrix. The model is said to be fit if the SRMR value is ≤ 0.08 otherwise if the SRMR value> 0.08 then the model is said to be unfit. (Ghozali, 2021).
2. Normed Fit Index (NFI) is a measure of model fit on a comparative basis against meaningful benchmarks. >0.90 is the NFI value requirement to show the model is fit (Ghozali, 2021).
3. Chi-Square (Chi²): The Chi-Square of a path model with df degrees of freedom is approximately (N-1)*L, where N is the number of observations and L the maximum likelihood function. The degree of freedom (df) is defined as ($K$ 2+K)2 -$t$ , where is the number of madifes variables in the PLS path model and t the number of exogenous variables to estimate the implied covariance matrix model. The Chi-Square value is expected to be small or Chi-Square = 0, indicating a fit research model (Ghozali, 2021).
4. RMS_Theta: RMS_Theta assesses the extent to which the residuals of the outer model are correlated. The size should be close to zero to indicate a good model fit, RMS_Theta values close to zero indicate a fit model, while higher values indicate a lack of fit (Ghozali, 2021).

**Significance Test**

The significance test is carried out by looking at the significance value to determine the effect between variables and seeing the significance of the variable's ability to moderate the relationship between the independent variable and the dependent from the parameter coefficient value and the t-statistic significance value or P value. To see the effect of the independent variable with the dependent variable, namely if the P Value <0.05, the independent variable affects the dependent variable, otherwise, if the P Value>0.05, the independent variable does not affect the dependent variable.

**Moderation Test**

The significance value of the moderating variable in moderating the relationship between the independent and dependent variables can be seen from the P-Value with the following statement (Ghozali, 2021): If the P-Value value shows ≤ 0.05, the moderating variable is able to moderate the relationship between the independent variable and the dependent, otherwise if> 0.05, the moderating variable cannot moderate the independent variable with the dependent.

## RESULTS AND DISCUSSION

### Results

### Outer Model Test

**Table 1.** Outer Model Testing Results

| Variables | VIF | Description |
|---|---|---|
| Return On Asset (X1) | 1.000 | No multicollinearity |
| Debt to Equity (X2) | 1.000 | No multicollinearity |
| Total Asset Turnover (X3) | 1.000 | No multicollinearity |
| Profit Growth (Y) | 1.000 | No multicollinearity |
| Company Size (Z) | 1.000 | No multicollinearity |

Source: Data Processed by Researchers (2025)

Outer model testing is done by testing multicollinearity. Multicolonierity testing can be seen from the Collinearity Statistics (VIF) value. Based on table above, it can be seen that all exogenous variables have a VIF value <10, so it can be concluded that there is no multicollinearity and it passes the outer model test.

**Model Feasibility Test**

**Table 2.** Model Feasibility Testing Results

| Eligibility index | Cut - Off Value | Model Results | Conclusion |
|---|---|---|---|
| SRMR | <0,08 | 0,000 | Model Fit |
| Chi-Square | 0 | 0,000 | Model fit |
| NFI | >0,9 | 1,000 | Model fit |
| RMS-Theta | <0.12 or close to zero | 0,115 | Model Fit |

Source: Data Processed by Researchers (2025)

Based on the table above, it can be seen that testing the feasibility of the model can be seen from the standardized root mean square residual (SRMR). If the SRMR value <0.08, the model can be said to be fit and vice versa. In the data table above, it can be seen that the SRMR value <0.08 (0.000 <0.08) which states that the model is fit.

Based on the table above, it can be seen that testing the feasibility of the model can be seen from the chi-square. The chi-square value is expected to have a small value or 0 which will indicate a fit research model. In the data table above, it can be seen that the chi-square value is 0.000, which can be concluded that the model can be called fit with the existing data.

Based on the table above, it can be seen that testing the feasibility of the model can be seen from the normed fit index (NFI). If the NFI value is> 0.9 then the research model can be said to be fit. In the data table above, it can be seen that the NFI value is 1,000 (1,000> 0.9), so the research model is declared fit.

## DISCUSSION

### Inner Model Test

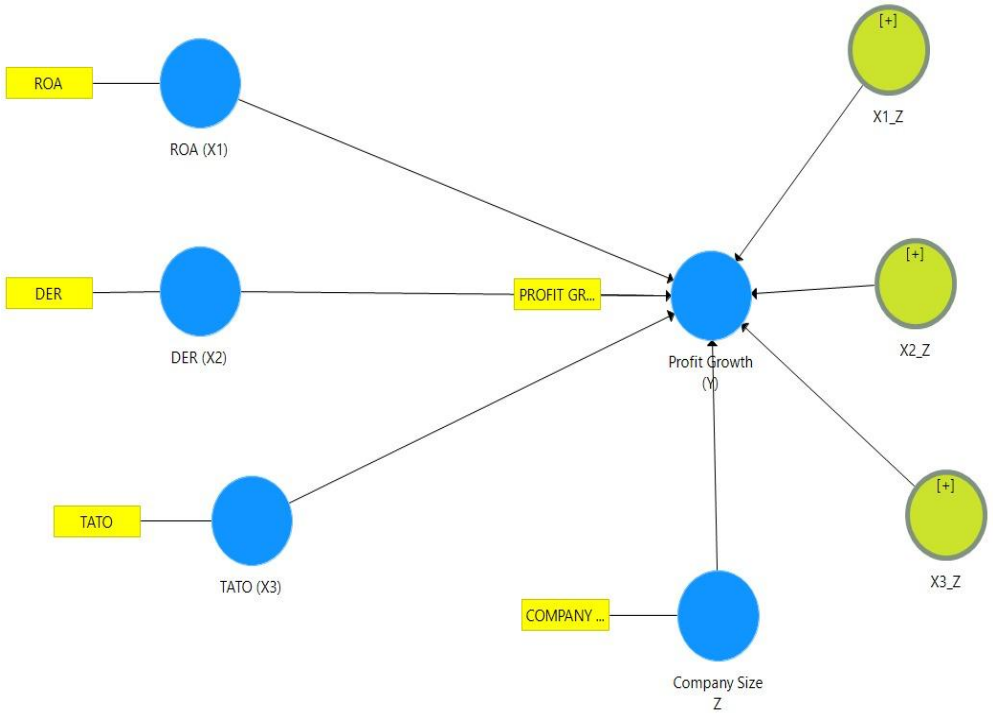


**Figure 2.** Inner Model Test Results

Inner model testing is carried out based on the following decision-making:

1. Model Summary (R-Square) Testing

**Table 3.** R-Square Results

| | Adjusted R Square |
|---|---|
| Profit Growth | 0.051 |

Source: Data Processed by Researchers (2025)

Based on table 3 above, it shows that the exogenous variables used in this study, namely return on assets, debt to equity, and total asset turnover, explain 5.1% of the endogenous variable, namely earnings growth. The remaining 94.9% is influenced by other variables that have not been studied in this study.

2. Significance Test

**Table 4,** Significance Testing Results

| | Original Sample | Sample Mean | Standard Deviation | T Statistics | P Values |
|---|---|---|---|---|---|
| ROA (X1) -> Profit Growth (Y) | 0.190 | 0.196 | 0.067 | 2.854 | 0.005 |
| DER (X2) -> Earnings Growth (Y) | 0.215 | 0.214 | 0.094 | 2.285 | 0.023 |
| TATO (X3) -> Profit Growth (Y) | -0.053 | -0.048 | 0.106 | 0.499 | 0.618 |
| Company Size (Z) -> Earnings Growth (Y) | 0.069 | 0.069 | 0.055 | 1.268 | 0.206 |

Source: Data Processed by Researchers (2025)

Based on Table 4, it can be seen that the test results obtained are as follows:

a. Based on Table 4, it can be seen that the P Values value is 0.005 <0.05, return on assets has a positive effect on profit growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.
b. Based on Table 4, it can be seen that the P-value value is 0.023 <0.05, debt to equity has a positive effect on profit growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2020-2023.
c. Based on Table 4, it can be seen that the P Values value is 0.618> 0.05, total asset turnover has no effect on profit growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.
d. Based on Table 4, it can be seen that the P Values value is 0.206> 0.05, it can be concluded that company size does not affect profit growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.

3. Moderation Test

**Table 5.** Moderation Test Results

| | Original Sample | Sample Mean | Standard Deviation | T Statistics | P Values |
|---|---|---|---|---|---|
| X1_Z -> Profit Growth (Y) | -0.010 | -0.017 | 0.073 | 0.141 | 0.888 |
| X2_Z -> Profit Growth (Y) | 0.106 | 0.094 | 0.109 | 0.973 | 0.331 |
| X3_Z -> Profit Growth (Y) | -0.014 | -0.003 | 0.154 | 0.090 | 0.928 |

Source: Data Processed by Researchers (2025)

Based on Table 5, it can be seen that the test results obtained are as follows:

a. Based on Table 5, it can be seen that the P Values value is 0.888> 0.05, company size is unable to moderate the relationship between return on assets on earnings growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.
b. Based on Table 5, it can be seen that the P Values value is 0.331> 0.05, company size is unable to moderate the relationship between debt to equity on earnings growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.
c. Based on Table 5, it can be seen that the P Values value is 0.928> 0.05, company size is unable to moderate the relationship between total asset turnover and profit growth in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the 2020-2023 period.

## Discussion

### The Effect of Return on Asset on Earnings Growth with Company Size as a Variable

From the results of significance testing, it can be seen that return on assets has a significant positive effect on earnings growth. This is in line with previous research which states that return on assets affects the company's profit growth (Amin et al., 2024). However, it is not in line with previous research which states that return on assets does not affect corporate profit growth (Fatimah & Hertina, 2022). High profitability has a direct relationship with company profit growth. ROA as an indicator of profitability, shows the company's ability to earn profits from its assets. In other words, the more efficient the use of assets, the higher the potential for increased profits. This indicates that return on assets plays a role in driving profit growth.

From the results of moderation testing, it can be seen that company size is unable to moderate the relationship between return on assets and earnings growth. This is in line with previous research which states that company size does not strengthen the relationship between return on assets and earnings growth However, it is not in line with previous research which states that company size can moderate return on assets on earnings growth (Wiguna & Hakim, 2024). Return on assets reflects the company's ability to manage assets to generate profits. Companies that are more efficient in utilizing their assets tend to be more successful in increasing profits, regardless of company size. Small and large companies can achieve a high return on assets if they manage their assets effectively. this shows that company size is unable to moderate the relationship between return on assets and earnings growth.

### The Effect of Debt to Equity on Earnings Growth with Company Size as a Variable

From the results of significance testing, it can be seen that Debt to Equity (DER) has a significant positive effect on earnings growth. These results are in line with previous research which states that Debt to Equity (DER) has a significant effect on earnings growth (Ismanto & Moorcy, 2023). However, it is not in line with other studies that state that Debt to Equity (DER) does not affect earnings growth (Damayanti & Erdkhadifa, 2023). Debt to Equity (DER) is used by companies to measure capital structure by comparing debt to equity used in funding company operations. The use of DER in the company can also reduce taxable income which can provide benefits in increasing the company's net profit. Thus, this shows that Debt to Equity (DER) has a significant positive effect on the company's profit growth.

From the results of moderation testing, it can be seen that company size is unable to moderate the relationship between Debt to Equity (DER) on company profit growth. These results are in line with previous research which states that company size cannot moderate the relationship between Debt to Equity (DER) on earnings growth. DER affects earnings growth positively regardless of company size. This can be influenced by other factors, such as industry structure, market conditions, or financial strategies implemented by the company. Thus, company size is unable to moderate the relationship between debt to Equity on earnings growth.

**The Effect of Total Asset Turnover on Earnings Growth with Company Size as a Variable**

From the results of significance testing, it can be seen that total asset turnover does not affect profit growth. This result is in line with previous research which states that total asset turnover does not affect earnings growth (Damayanti & Erdkhadifa, 2023). However, it is not in line with other studies which state that total asset turnover has a significant effect on profit growth (Nasution & Sitorus, 2022). Production expenses that change due to external factors can cause company profits to not always increase. High sales accompanied by high operational expenses or production costs make total asset turnover have no impact on the company's profit growth. This shows that total asset turnover does not affect profit growth.

From the results of moderation testing, it can be seen that company size is unable to moderate the relationship between total asset turnover and earnings growth. This result is in line with previous research which states that company size is unable to moderate total asset turnover on earnings growth (Wiguna & Hakim, 2024). However, it is not in line with other studies that state that company size can moderate total asset turnover on earnings growth (Rahmawati & Nurasik, 2022). The company is unable to control price fluctuations or changing operating expenses so even though the company is large in scale, has many assets, and operates efficiently, external factors remain beyond its control. Large or small company size cannot determine the relationship between total asset turnover and profit growth. Thus, company size is unable to moderate the relationship between total asset turnover and earnings growth**.**

## CONCLUSIONS

By using company size as a moderating variable, this study was conducted to see the effect of financial ratios between Return on Asset (ROA), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO) on company profit growth. According to the results of the study, it can be concluded that Return on Asset (ROA) and Debt to Equity Ratio (DER) partially have a significant positive effect on earnings growth while Total Asset Turnover (TATO) partially does not affect earnings growth. Company size is unable to moderate return on assets, debt to equity, and total asset turnover on earnings growth.

This study has several limitations, such as only using secondary data from the financial statements of basic and chemical industry sector companies listed on the Indonesia Stock Exchange (IDX), so the results may not fully reflect the conditions of other sectors. In addition, this study only examines the variables of Return on Assets (ROA), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO) on earnings growth with company size as a moderating variable, so there are still other factors that may have an effect but have not been studied. For further research, it is recommended to add other variables such as dividend policy, cost structure, or macroeconomic factors that can affect earnings growth, as well as expand the research object to other industrial sectors so that the results are more generalizable. The implication of this research is to provide insight for company management to pay more attention to the efficiency of asset use and capital structure management to increase profit growth, as well as provide information for investors in considering financial factors before making investment decisions in basic and chemical industry sector companies.

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