

ABSTRACT

The purpose of this research is to examine the effect of financial performance on profit growth. Financial performance consists of liquidity ratios as measured by the current ratio (CR), leverage ratios as measured by the debt to equity ratio (DER), activity ratios as measured by the total assets turnover (TAT), profitability ratios as measured by the gross profit margin (GPM).

The population of this research are food companies listed on the Tokyo Stock Exchange in 2017-2020. The sample was selected using the purposive sampling method and the selected sample was 149 data.

Multiple linear regression analysis is used to test the effect of financial performance on profit growth and the results show that the debt to equity ratio has a negative effect on profit growth. Meanwhile, the current ratio, the total assets turnover, and the gross profit margin have no effect on profit growth.

Keywords: Financial performance, profit growth, food company, Japan.



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