The Effect Of Capital Structure, Firm Size, and Inventory Turnover on Profit Growth (Empirical Study of Coal Mining Companies Listed on The BEI in 2021-2023)

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ABSTRACT

This study aims to determine the effect of capital structure, firm size, and inventory turnover on profit growth. This research is a quantitative research. This research was conducted on coal mining companies listed on the Indonesia Stock Exchange in 2021- 2023. The population in this study amounted to 28 companies, using a purposive sampling method, a sample of 13 companies was determined for 3 years of observation so that the total observation data was 39 reports. Data analysis in this study used panel data regression with the help of Eviews. The processing results are according to the model selection test, concluding the data using a random effect model, while the results of hypothesis testing show that capital structure, firm size and inventory turnover have a significant influence on profit growth. Meanwhile, simultaneously capital structure, firm size and inventory turnover influence profit growth. The result of the adjusted rsquared coefficient of determination is 0.780802. This explains the contribution of the capital structure, firm size and inventory turnover variables in this study explaining 78.08% of the variation in the profit growth variable. Meanwhile, the remaining 21.92% is influenced by other variables not measured in this regression model.

INTRODUCTION

As the global economy develops and transitions towards a free market economic system, it stimulates the growth of competing companies. They engage in competitive activities with one another. It is incumbent upon each company to optimize its performance in order to emerge victorious in this competitive landscape. The company's success can be measured by its ability to generate profits for its owners. (Gunawan, and Wahyuni, 2013). Profit is frequently employed as a metric for evaluating corporate performance, informing investment decisions, forecasting future growth, and calculating projected profit growth.

profit growth is defined as the percentage change in the increase or decrease in company profits in the current and previous periods. A company's profitability can be used as an indicator of its financial health. Profit growth is of significant importance to businesspeople and investors, as it provides predictive information regarding the future perspective and financial situation of the company. The continued growth in earnings indicates that the company is capable of increasing its profits on an annual basis.

In practice, however, coal mining companies experienced negative performance in 2023. A review of data obtained from the IDX reveals that of the 28 coal mining companies listed on the IDX, only 24% experienced profit growth, 71% experienced a decrease in profits, and 5% experienced losses. A decline in

profit growth can lead to a disruption in a company's performance and sustainability, potentially resulting in a loss of investor interest and capital (Bayni Huriyah, 2021).

A phenomenon of profit growth was observed at PT Indo Tambang Raya Tbk. In 2023, ITMG recorded a net profit of US$500 million. This profit declined by 58% in comparison to the same period the previous year, which reached US$1.19 billion. The decline in profit is consistent with the decline in revenue. In 2023, ITMG recorded revenue of US$2.37 billion, a 35% decline compared to the same period the previous year, which reached US$3.63 billion. The decline in profit was also attributable to a decline in sales. ITMG recorded domestic sales of US$431 million in 2023, a 35% decrease from the previous year, which had amounted to US$664 million. (Market.bisnis.com)

A similar phenomenon was observed at PT Bukit Asam Tbk. PTBA recorded a 51.42% decrease in net profit to IDR 6.10 trillion in 2023. In the preceding year, the company had recorded a total net profit of Rp 12.56 trillion. The decline in profit was accompanied by a decrease in revenue of IDR 38.48 trillion from IDR 42.64 trillion in the previous year. The revenue details are as follows: sales to third parties totaled Rp 19.76 trillion, representing a decline from Rp 21.45 trillion in the previous year; sales to related parties amounted to Rp 18.20 trillion, down from Rp 20.64 trillion in the previous year; and income from other activities reached Rp 617.83 billion, a decrease from Rp 549.27 billion in the previous year. (idn.financials.com)

A review of these cases reveals that the decline in profits at PT Indo Tambang Raya Tbk and PT Bukit Asam Tbk was caused by low revenue and sales in 2023. Consequently, there is a robust correlation between sales and profit growth, which is why researchers have chosen to exclude sales growth variables from this study. Moreover, given the decline in sales at both companies, it is plausible to hypothesize that this has led to a reduction in inventory turnover. This is evidenced by the inventory turnover of the two companies in 2023, which exhibited the lowest figures in the 2021-2023 range: 24.22 and 8.24, respectively. The low inventory turnover observed in 2023 within the 2021-2023 range was also evident in other coal mining companies. In light of this phenomenon, the authors are interested in examining the effect of inventory turnover on profit growth.

The capital structure of a company, as measured by the leverage ratio, is defined as the debt-to-equity ratio, which compares all debt to total equity. A high DER ratio indicates that a company's capital structure is more dominated by debt than equity. The debt ratio has a negative impact on the company if it uses more debt in its business operations. Companies with high debt-to-equity ratios must use their earnings to pay off debt and tend to pay smaller dividends than companies with low leverage. The utilization of substantial debt can result in increased profits, yet concurrently, elevated corporate debt can elevate the risk profile.

The growth of profit can be influenced by the size of the firm. The size of the firm is determined by the total assets owned by the company as of December 31. The size of the firm can indirectly determine the control and profitability of the company because the size of the firm reflected in the company's assets can provide resources that trigger the company's activities to continue, thus allowing the company to earn profits.

Inventory turnover is a ratio that measures the number of times the assets invested in inventory will rotate during a specified period. A high inventory turnover rate indicates that the inventory turnover per year is increasing, which suggests that the company's inventory management is highly efficient. This implies that the company's inventory is highly effective in driving operational activities, thereby contributing to the growth of the

Empirical studies conducted through previous research found in outstanding journals there are inconsistencies regarding the effect of Capital Structure, Firm Size, and inventory turnover on profit growth, such as Rianda Fadhilla (2022) found that capital structure has a partial significant effect on profit growth. In contrast, Putri & Andriansyah (2022) found no significant correlation between capital structure and profit growth. [Sari, 2022] posits that firm size exerts an influence on profit growth. Dewi et al. (2022) found that firm size has no effect on profit growth. Moreover, research indicates that inventory turnover has a significant effect on profit growth [Petra, et al. 2021]. [Sari, 2022] found that inventory turnover has no effect on profit growth.

The results of the studies above are inconsistent, indicating a need for further research into the effect of capital structure, firm size, and inventory turnover on profit growth in coal mining companies listed on the IDX between 2021 and 2023.

LITERATURE REVIEW

A. Signaling theory

The concept of signaling theory was initially proposed by [Spence, 1973]. In essence, the theory posits that a sender transmits data that describes the state of the company, which is then interpreted by the receiver as a signal. The objective of signal theory is to ascertain why companies have an incentive to disclose financial

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reporting to external parties. The impetus for signal theory is the information asymmetry between the company and external parties. This is due to the fact that the company is typically more aware of information within the company than external parties, such as investors and creditors. (Ratnasari et al., 2017)

In this study, firm size is employed as a signal. The calculation is based on the figures presented in the company's financial statements. Given the considerable size and high level of assets of the company, this is expected to provide a positive signal to investors, thereby enabling the company to undertake its operational activities on a larger scale and to generate increased profits. Moreover, the relationship between investment and capital structure can be elucidated by viewing investment as a component of the latter. This perspective is supported by the definition of capital structure as "permanent financing," which encompasses long-term debt, preferred stock, and stockholder capital [Weston, dan Copeland, 1992]. Moreover, the relationship between signal theory and inventory turnover can be seen in the fact that high inventory turnover is indicative of a company's promising future, which ultimately leads to increased profitability. The objective of companies in disseminating positive signals to investors is to provide information regarding the prospective outlook of their respective companies, thereby stimulating investor interest in the purchase of company shares.

B. Profit Growth

According to [Harahap, 2015: 310], the company's capability to increase net income from the previous year is called profit growth. Profit growth is profit that increases or decreases in one period. As for the company's good profit growth, the company's performance is also good. Profit growth is influenced by changes in the components of the company's financial statements. It is influenced by changes in external factors, such as price increases due to inflation and decisions can trigger an increase in company profits.

In conclusion, profit growth is the company's capability to grow the next profit compared to the profit in the previous year. Profit growth can indicate a good company performance situation, if the economy is good it can trigger profit growth to be obtained. Profit becomes a performance parameter of the company. The profit growth obtained by the company, illustrates the good performance of the company, which in turn triggers many investors interested in investing.

C. Capital Structure

According to Hery (2017: 86), every company needs capital to be able to carry out its business. The source of the company's capital comes from internal and external sources. The company will borrow funds from outside parties when the company's capital is insufficient in carrying out operational activities. Purchasing decisions can affect the company's ability to create profits for investors. In a good economic situation, a company with a higher debt-to-equity ratio can generate greater profits for investors than a company with a low debt ratio. But when the economy is bad, companies with higher debt-to-equity ratios will provide less profit to investors than companies with lower debt ratios.

D. firm size

[Hery, 2017:11], In general, firm size is a comparison between the size of an object. When it comes to companies and organizations, size means the size of the company and organization's business. The size of the company affects its capability to bear the impact of the emergence of problems from several conditions experienced by the company. Large companies have a lower impact than small companies. This happens because large companies have better control (greater control) over market conditions when facing economic competition. Firm size describes the size of the company, displayed in total assets. The greater the total assets and marketing, the greater the firm size. The greater the assets, the greater the capital invested, and the greater the sales, the greater the company's financial turnover.

E. Inventory turnover

Based on [Kasmir, 2010:114] Inventory turnover is a ratio used to measure how many times the funds invested in this inventory rotate during the period. This ratio is known as the Inventory Turnover ratio. This means that the inventory turnover rate is a ratio reflecting the total inventory items replaced during the year. inventory is a very important aspect that is controlled by the company, in addition to other aspects. For companies that focus on the manufacturing part of the product, the need for inventory to support the manufacturing process requires inventory, such as raw material inventory.

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F. Conceptual Framework

Figure 1. Conceptual Framework
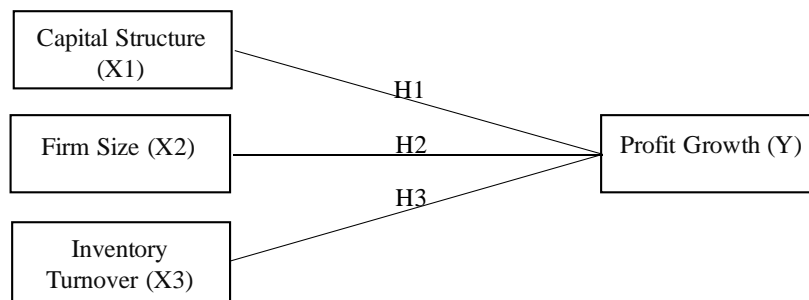
Source: Processed Researcher, 2024

H. Hypothesis

1. The Influence of Capital Structure on Profit Growth

According to Darsono (2005: 54), DER is a ratio showing the percentage of funds provided by investors to lenders. The greater the DER, the greater the loan capital and the greater the debt burden the company must bear. The greater the company's debt burden, the less total profit will be. A large DER risks the company's ability to get large profits.

H_1: Capital structure affects profit growth in Coal Mining Companies Listed on the IDX in 2021-2023.

2. The Influence of Firm Size on Profit Growth

Firm size is a scale in determining how big or small the company is. One of the factors affecting profit growth is firm size. In this study, firm size is proxied by total assets. The greater the assets, the greater the capital invested, the more sales, the more money circulation in the company. The larger the firm size, the profit growth is triggered to increase.

Investors usually have high trust in large companies because they have a lot of assets. The company has a large number of assets, indicating that the company is at a stage of maturity and is considered good in the long term and describes the company as relatively stable and able to create more profits than small asset companies Febriana Puspasari et al. (2017). In addition, the larger the firm size, the company is capable and strong when facing unstable economic conditions, so the company is not easily influenced [Petra, et al. 2021]. Large companies are considered to have a good performance perspective over a relatively long period of time, thus illustrating the company's high profits.

H_2: Firm size affects profit growth in Coal Mining Companies Listed on the IDX in 2021-2023.

3. The Influence of Infentory Turnover on Profit Growth

[Hery, 2017:308] argues that a company's inventory turnover projects the quality of its merchandise inventory and management's capabilities in marketing. The level of inventory turnover is high, the level of marketing is also good, revenue also rises and operating profit is ultimately triggered to rise. A falling inventory turnover rate means that the sales level is falling, declining revenue also triggers operating profit to also decline due to marginal costs obtained by the company.

H_3: Inventory Turnover affects profit growth in Coal Mining Companies Listed on the IDX in 2021-2023.

METHODOLOGY

The type of research used in this study is quantitative. Quantitative research according to Uma Sekaran (2017: 76) is a scientific method whose data is in the form of numbers or numbers that can be processed and analyzed using mathematical or statistical calculations. The author uses all coal mining companies listed on the IDX in 2021 - 2023 such as secondary data in the form of annual financial reports obtained from the official website www.idx.co.id. The target population in this study were 28 coal mining companies listed on the Indonesia Stock Exchange in 2020-2022. In this study, the sample was obtained using the Purposive Sampling

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method. sample selection according to predetermined criteria, as many as (13) companies were obtained that had sample criteria. So that the number of samples that can be studied for three years is 39 observation samples.

The variables used in this study are: Capital Structure (X1), Firm Size (X2), Inventory Turnover (X3), and Profit Growth (Y).

For testing in this study, it was used:

A. Descriptive Statistics Test

Descriptive statistics provide information that displays clearly seen from the mean, standard deviation, variance, max, min, sum, and range.

B. Classic Assumption Test

1. Normality Test

The normality test is intended to test and look at the regression model whether the data is normally distributed or not. A good regression is that the data distribution is normal / close to normal [Sunyoto, 2013]. The normality test can be traced formally in the method developed by JB.

1) Probability >0.05 significant H0 accepted residuals are normally distributed.
2) Probability <0.05 significant H0 rejected residuals are not normally distributed.

2. Multicollinearity Test

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. Detecting multicollinearity in the regression model can be seen from the VIF value and tolerance value. Usually, a tolerance value < 0.10 = VIF > 10 is used to indicate multicollinearity. That is, a tolerance value > 0.10 = VIF < 10, the regression model has a tolerance value < 0.10 = VIF > 10 no multicollinearity.

3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is an imbalance in the variance of the residual observations in the regression model. If the difference between observation residues and other observations is constant, it is called homoscedasticity, and if it is different it is called Heteroscedasticity. In order to recognize heteroscedasticity using the Glejser test. if Sig> 0.05 there are no symptoms of Heteroscedasticity.

4. Autocorrelation Test

According to [Ghozali, 2018:111]) The autocorrelation test aims to test whether there is a relationship between period t mixed errors and period t-1 (previous) errors for linear regression methods. No correlation is called an autocorrelation problem. Detecting autocorrelation is the Breusch Godfrey test which is also called the same Lagrange coefficient. If the probability value > α = 5% means there is no autocorrelation. A probability value < α = 5% means there is autocorrelation.

C. Panel Data Model Selection

Panel data regression is carried out testing 3 research designs, namely common effect, fixed effect, and random effect. Each model has advantages and disadvantages. Model selection according to the author's conjecture and the fulfillment of good statistical data management requirements can be accounted for statistically.

D. Hypothesis Test

1. Panel Data Regression Analysis

Panel data can be considered to be a combination of cross-sectional and time-series data. Other names for panel data are cross-sectional and time-series data, micro panel data, longitudinal data, event history analysis, and cohort analysis. We create different intercept and slope coefficients for each firm and each time period using panel data. Estimating the true equation according to the conjectures we make about the intercept, slope variables. The panel data regression equation is:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

Description:

Y = Profit Growth
X1 = Capital Structure
X2 = Firm Size
X3 = Inventory Turnover
a = Constant
e = Error / disturbance variable
$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficient

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2. Partial Test (t Test)

The t statistical test illustrates how much influence the explanatory variable has when examining the dependent variable. [Ghozali, 2018:98]. The probability of t is smaller than 0.05 the explanatory variable has an influence on the dependent variable [Ghozali, 2018:99].

3. Simultaneous Test (f Test)

[Ghozali, 2018:98] explains that the F statistical test is carried out with the aim of projecting whether the independent variables have a joint influence on the dependent variable. If the value of F count> F table with a significance value ≤ 0.05, it means that the independent variables jointly affect the dependent variable, the same is true in reverse.

4. Determination Coefficient Test (R^2)

The coefficient of determination (R^2) aims to measure how far the model's capabilities when explaining the dependent variable [Ghozali, 2018:97]. The coefficient of determination is between 0 and 1. A small R^2 value means that the expertise of the independent variable when examining the variation in the dependent variable is very limited. A value close to 1 means that the independent variable provides all the data needed to estimate changes in the dependent variable. [Ghozali, 2018:97].

RESULTS AND DISCUSSION

1. Descriptive Statistics Test

Table 1. Descriptive Statistics Test Result

variabel	N	Minimum	Maximum	Mean	Std. Dev.
CS	39	0.140200	2.089400	0.657244	0.432188
FS	39	27.96780	3.275780	30.22257	1.213750
IT	39	7.154900	8.346160	3.930681	2.277302
PG	39	-0.880300	1.171330	1.281405	2.445960

Source: Processed Researcher, 2024

a. Capital Structure (CS)

According to table 1. above, it can be seen that the value of capital structure (CS) is min value 0.140200, max value 2.089400, mean 0.657244 and std. deviation (standard deviation) of 0.432188.

b. Firm Size (FS)

According to table 1. above, it can be seen that the value of firm size (FS) is the min value of 27.96780, max value 32.75780, mean 30.22257, std. deviation 1.213750.

c. Inventory Turnover (IT)

According to table 1. above, it can be seen that the value of inventory turnover (IT) is the min value of 7.154900, the max value is 83.46160, the mean is 39.30681, the std. deviation is 22.77302.
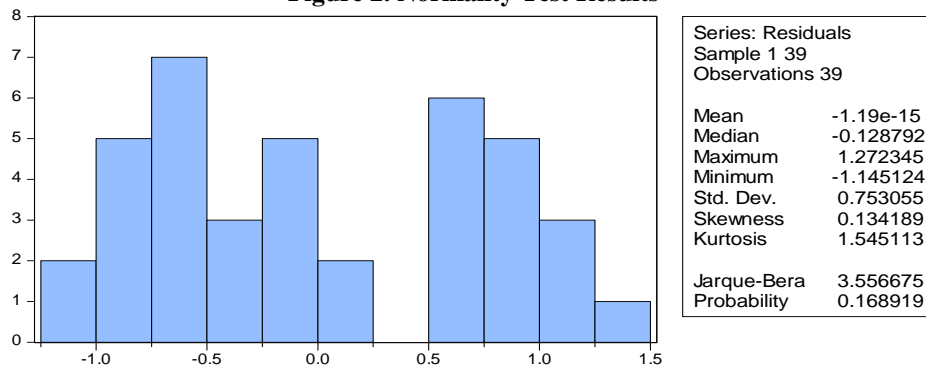
d. Profit Growth (PG)

According to table 1. above, it is known that the value of profit growth (PG) is the min value of -0.880300, the max value is 11.71330, the mean is 1.281405 and the std. deviation is 2.445960.

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2. Classic Assumption Test
a. Normality Test

Figure 2. Normality Test Results

Source: Processed Researcher, 2024

According to the JB test results in Figure 2. above, it can be seen that the value is 3.556675, probability 0.168919> 0.05, it can be stated that the data is normally distributed.

B. Multicollinearity Test

Table 2. Multicollinearity Test Result

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	8.090060	512.4450	NA
CS	0.088822	4.591103	1.119687
FS	0.008971	518.2976	1.024685
IT	3.16E-05	4.206679	1.094076

Source: Processed Researcher, 2024

According to the multicollinearity test results from table 2. above, it can be seen that there is no Multicolonierity problem, it can be seen from the VIF value on Centered VIF for the 3 independent variables < 10 there is no Multicolonierity problem.

C. Heteroscedasticity Test

Table 3. Heteroscedasticity Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.956942	1.238307	0.772782	0.4448
CS	0.002028	0.129752	0.015628	0.9876
FS	-0.009830	0.041236	-0.238381	0.8130
IT	0.000180	0.002447	0.073494	0.9418

Source: Processed Researcher, 2024

According to the results of the Glejser heteroscedasticity test in table 3. above, it can be seen that the probability value of the independent variables in the study> 0.05, the conclusion is that there is no heteroscedasticity.

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D. Autocorrelation Test

Table 4. Autocorrelation Test Result

F-statistic	0.805724	Prob. F(2,33)	0.4554
Obs*R-squared	1.815771	Prob. Chi-Square(2)	0.4034

Source: Processed Researcher, 2024

Based on the results of the autocorrelation test in table 4. above illustrates the Obs * R-squared value is 1.815771 probability 0.4034> 0.05, so the conclusion is that there is no autocorrelation.

3. Panel Data Model Selection

Panel data regression can be done with three analysis models, namely common effect, fixed effect and random effect. Based on the Chow Test Results, it can be seen that the Chi-square probability is 0.0000 <0.05, it can be concluded that Ho is rejected and the Fixed Effect model is better than the Common Effect model. Because in the Chow Test the selected model is Fixed Effect, it is necessary to do another test, namely the Hausman Test. Based on the results of the Hausman Test, it can be seen that the Chi-square probability is 0.0000> 0.05, it can be concluded that Ho is rejected and the model used should be the Fixed Effect model.

4. Panel Data Regression Analysis

Table 5. Results of Panel Data Regression Test Fixed Effect Method

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.45453	3.511516	-2.977211	0.0067
CS	1.850989	0.328672	5.631716	0.0000
FS	0.280488	0.120749	2.322898	0,0294
IT	0.032495	0.006549	4.962023	0.0001

Source: Processed Researcher, 2024

According to the results of panel data regression processing using the Fixed effect model in table 5. above, the regression equation obtained is:

PL_{it} = -10.45453 + 1.850989CS_{it} + 0.280488FS_{it} + 0.032495IT_{it}

Description:

Y_{it} = PG

β_0 = Constant

β_1, β_2, β_3, = Regression Coefficient of Independent Variables

X_{1it} = Capital Structure (CS)

X_{2it} = Firm Size (FS)

X_{3it} = Inventory Turnover (PG)

a. A constant of = -10.45453 means that if the capital structure, firm size and inventory turnover value are 0, the amount of profit growth decreases by -10.45453.

b. The regression coefficient of the capital structure variable (SM) 1.850989 means that each increase in capital structure (CS) totals 1 unit, will increase profit growth (PG) totals 1.850989 units, assuming other independent variables remain constant.

c. The regression coefficient of firm size (FS) variable totals 0.280488, which means that each increase in firm size (FS) totals 1 unit, will increase profit growth (PG) by 0.280488 units, assuming other independent variables remain constant.

d. The regression coefficient of the inventory turnover variable (IT) totaling 0.032495 means that each increase in inventory turnover (IT) totaling 1 unit, will increase profit growth (PG) totaling 0.032495 units, assuming other independent variables are constant.

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5. Partial Test (T Test)

t_{table} = n – k – 1 : alpha/2

= 39 – 3 – 1 : 0,05/2

= 35 : 0,025

= 2.030

Description n: total

k: total independent variables

1: constant

Tabel 6. Hasil Uji Parsial (Uji t)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-10.45453	3.511516	-2.977211	0.0067
CS	1.850989	0.328672	5.631716	0.0000
FS	0.280488	0.120749	2.322898	0,0294
IT	0.032495	0.006549	4.962023	0.0001

Source: Processed Researcher, 2024

a. **The Influence of Capital Structure (CS) on Profit Growth (PG)**

The first hypothesis put forth in the study posits that capital structure (CS) exerts an influence on profit growth (PG). The partial test results (t) indicate that the partial test results between the capital structure (CS) variable and profit growth (PG) demonstrate a t-count value of 5.631716, which is greater than the t-table value of 2.030 and a probability value of 0.0000, which is less than 0.05. The hypothesis proposed is accepted, and the conclusion is that the capital structure (CS) has an effect on profit growth (PG). The results of this study indicate that an increase in the debt-to-equity ratio (DER) leads to an increase in loan capital, which in turn results in a greater debt burden for the company. An increase in the company's debt burden will result in a reduction in profits. A high DER places the company at a disadvantage in terms of its ability to generate significant profits.

b. **The Influence of Firm Size (FS) on Profit Growth (PG)**

The second hypothesis proposed in the study is that firm size (FS) has an effect on profit growth (PG). According to the partial test results (t), the partial test results between the firm size (FS) variable and profit growth (PG) illustrate the t-count value of 2.322898> t-table 2.030 and a probability value of 0.0294 <0.05. The hypothesis proposed is accepted, the conclusion is that FS has an effect on profit growth (PG). The results showed that the greater the assets, the greater the resources or capital of a company, large assets can support the company to increase sales. while the more sales the more money circulation in the company ultimately increases revenue. The larger the size of the company, the profit growth (PG) will increase.

c. **The Influence of Inventory Turnover (IT) on Profit Growth (PG)**

The third hypothesis proposed in the study is that inventory turnover (IT) has an effect on profit growth (PG). According to the results of the partial test (t), the partial test results between the inventory turnover variable (IT) and profit growth (PG) illustrate the t-count value of 4.962023> t-table 2.030 and a probability value of 0.0001 <0.05. The hypothesis proposed is accepted, the conclusion is that inventory turnover (IT) has an effect on profit growth (PG). Describing a high inventory turnover, a high level of sales, the turnover can increase and operating profit will increase. If the inventory turnover rate is low, it means that the low sales level causes a decrease in revenue and this has an impact on decreasing operating profit due to marginal costs incurred by the company.

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6. Simultaneous Test (F Test)

Tabel 7. Simultaneous Test Result (Uji F)

F-statistic	10.02397	Durbin-Watson stat	2.827644
Prob(F-statistic)	0.000001		

Source: Processed Researcher, 2024

According to the results of the table above, the total Fcount value is 10.02397 with a total probability of 0.000001 <0.05, the conclusion is that the capital structure variable, firm size and inventory turnover together have a significant effect on the profit growth variable.

7. Determination Coefficient Test (R2)

Tabel 8. Determination Coefficient Test Result

R-squared	0.867328	Mean dependent var	0.743077
Adjusted R-squared	0.780802	S.D. dependent var	1.180495

Source: Processed Researcher, 2024

According to the results of table 8. above, the adjusted r-squared value totals 0.780802, illustrating the contribution of all independent variables when examining the dependent variable is 78.08%, the remaining 21.92% (100 - 78.08) is conveyed by other variables outside the model.

CONCLUSION

This study aims to determine the effect of 3 independent variables, namely Capital Structure, Firm Size, and Inventory Turnover on the dependent variable, namely Profit Growth. The sampling method is using purposive sampling method based on certain criteria. The population in this study is all Coal Mining companies listed on Bei for the period 2021-2023. According to the results and discussion of the research that has been carried out, the conclusions are:

1. The results of the partial hypothesis test (t) illustrate that the capital structure (CS) has an effect on profit growth (PG). The results of this study illustrate that the greater the DER, the greater the loan capital will result in the greater the debt burden the company must bear.
2. The results of the partial hypothesis test (t) illustrate that firm size (FS) affects profit growth (PG). This means that the greater the assets, the more capital is invested, large assets can support the company to increase sales, while the more sales, the more money circulation in the company. The larger the size of the company, the profit growth will increase.
3. The partial hypothesis test results (t) illustrate that inventory turnover (IT) affects profit growth (PG). The high IT level the marketing level will be large, income can increase and operating profit will increase.
4. The results of the simultaneous test (f) illustrate that the capital structure (CS), firm size (FS) and inventory turnover (IT) have a significant effect together on profit growth (PG).
5. The results of the coefficient of determination test illustrate the influence of capital structure (CS), firm size (FS), and inventory turnover (IT) on profit growth (PG) totaling 78.08%, the remaining 21.92% (100 - 78.08).

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