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Influencing Factors of Company's Sustainable Growth: Evidence from Indonesia

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Abstract:- This study aims to determine the effect of profit margin, leverage, liquidity, and asset turnover on Sustainable Growth Rate (SGR). The population in this study are manufacturing companies are listed on Indonesia Stock Exchange (IDX) 2014-2019. SGR is a company's sustainable growth rate in the highest percentage of the annual increase in sales that can be achieved based on various ratio targets, debt, and dividend payments. This study proves profit margin, leverage, and asset turnover affect the sustainability of business growth, especially leverage, which has a dominant effect, while liquidity has no effect.

Keywords:- *Sustainable Growth Rate (SGR), Net Profit Margin, Leverage, Liquidity, Assets Turnover.*

I. INTRODUCTION

Investors measure the company's success judging by the company's performance. A company's performance can be assessed through its balance sheet, one of which is the profit growth it generates. If the Company generates a stable profit, the Company may say that the Company's business performance is good, and if the Company reduces its profit during the Company's business, the Company may say that the situation is good. The company's performance still needs to be improved. This means that the higher the growth rate of the company's profit, the higher the investor confidence. The measure of business success can be measured not only by profitability but also in a more useful and commonly used way as a measure of performance, that is, a sustainable growth rate (SGR).

Every business strives to grow at a high rate every year, as business growth provides a glimpse into sustainable business growth. There are many opportunities to grow, but the Company cannot grow without sufficient long-term funding to take advantage of existing opportunities. Similarly, businesses that have the financial infrastructure to pursue high growth opportunities but do not have the long-term ability to identify and take advantage of those opportunities cannot thrive. SGR is considered very useful because it can combine operational and financial factors into a comprehensive indicator. SGR is the maximum sales growth rate a business can achieve without increasing capital. Once companies have passed this level, they will have to borrow money from other sources, such as third parties, to stimulate growth.

The concept of SGR is very important because it allows management to consider growth strategies that can be applied as the company grows. There are many opportunities to grow, but the Company cannot grow without sufficient long-term funding to take advantage of existing opportunities. Likewise, companies that have the financial infrastructure to pursue high growth opportunities but do not have the long-term ability to identify and take advantage of such opportunities cannot grow [1]. SGR is considered very useful because it allows the Company to combine operational factors (asset return and performance) and financial factors (capital structure and retention rate) into a representative total [2].

A study by Saputro and Purwanto [3] examined the relationship between performance, liquidity, and Stock Return for the difference in Actual Growth Rate of SGR among manufacturers. Variable Acid Ratio positively affects the Deviation of Actual Growth Rate From SGR. ROA and current ratio negatively affect the Actual Growth Rate deviation of SGR, book value also has no effect on the Actual Growth Rate of SGR, nor does the return of shares have no effect. The ratio of activity and profitability positively affects SGR, while Liquidity, on the other hand, has no significant effect on SGR.

Nasim and Irnama [4] has three test variables to determine its effect on SGR, namely Profit Margin, Assets Turnover, and Leverage in service companies. These three variables have a positive effect on SGR. According to a survey conducted by Awalia, et al. [5] of manufacturing companies, there are three variables: leverage, profitability, and stock price. A debt ratio and net profit margin have a negative relationship to SGR, while *debt-equity* and share price do not influence SGR. Research conducted by Junaidi, et al. [6] which examined liquidity, asset quality, and efficiency to SGR in banking companies, found liquidity influenced SGR, while asset quality and efficiency negatively affected SGR. Research conducted by Sekartari [7] there are 3 variables of testing against SGR in chemical industry companies namely liquidity, activity, and profitability. The ratio of activity and profitability has a positive influence on SGR. While liquidity does not affect SGR. Sekartari [7] justifies the findings of Saputro and Purwanto [3] which concluded liquidity did not affect SGR. SGR is influenced by profitability, asset turnover, financial policy (leverage), and dividend policy [8].

From the results of previous research, it can be concluded that there has not been consistently found the influence of the variable profit margin, leverage, and liquidity that has been studied on SGR. So in this study will be re-examined these variables. In this study, researchers took profit margin, leverage, and assets turnover variables, and also researchers added one more variable on the recommendation of adding exogenous variables by Nasim and Irnama [4] so as not to always focus on the 3 variables.

According to [9] liquidity is a factor to consider in the results of the study provides an understanding that liquidity variables are predicted to affect SGR so that the variable is added in this study. The greater the company's cash flow and liquidity, the more likely it is that the company pays dividends, and vice versa if the company is illiquid and the company will not be able to pay dividends. The dividend policy determines the level of comparison between net profit after tax and retained earnings. This will increase the company's capital and allow it to borrow money to improve its business [2]

Signaling Theory

Akerlof [10] concludes that if the buyer had no information about the product specifications and only had a general understanding of the product, the buyer would rate all products at the same level. The price of high-quality products and poor-quality products is detrimental. Sellers of high-quality products. Circumstances in which one party (seller) uses more information than the other party (buyer) to complete a business transaction. Signal theory is based on the assumption that each party receives information differently. Because the company knows the company and its prospects better than third parties (investors and creditors), there is an asymmetry of information between the company and foreign parties, so the offer is strong [11]. One way to reduce information asymmetry is to signal to investors. When information is released, market participants will first interpret and analyze whether it is a good or bad signal. The annual report is one of the pieces of information that can be used as a signal for external parties of the company. This report can be in the form of accounting information in the form of financial statements, and non-accounting information in the form of information other than financial statements. Investments made by a company provide a positive signal for the company's future growth, which can provide added value for the company and be reflected in the company's share price.

Sustainable Growth Rate (SGR)

SGR is the highest level at which companies can increase sales or profits while maintaining a debt-to-equity ratio without running out of finance or raising capital, and the steadfast concept of sustainable growth is management. growth potential [1]. SGR is the highest annual revenue growth rate that can be achieved based on various target ratios, debt payments, and dividends [12]. SGR is a multiple sense index that reflects retention ratio, profitability (net profit *margin),* asset *turnover ratio,* and asset turnover ratio, financing strategy (financial *leverage)*of a company. All of this is the main determinant of the company's performance [8].

The company's success in achieving its main objective is to balance cash flow between financial markets and companies and to make informed and correct decisions about investments, financing, and dividends to improve the company's financial performance. Therefore, a high SGR will have a positive impact on a company's financial performance. SGR analysis can identify target growth rates when there is uncontrolled pressure or growth that leads to poor performance or financial difficulties [13]. SGR can be used for strategic planning and can be used as a guide for long-term financial planning. SGR is a signal (information provider) for investors and creditors to measure the value of a company. The requirement for RMS is that the business must first be profitable from an economic point of view, and investment needs must be represented in linear trends (linear mode). The goal is to identify investment patterns that will be described as having an impact on the company's overall business strategy, especially if future patterns differ from the past or present.

II. HYPOTHESIS

Effect of Profit Margin on SGR

Nasim and Irnama [4] showed that profitability has a positive effect on SGR. This is in contrast to [14] which shows that margins negatively impact SGR. The gap in the results of the study underlies the request to review the impact of return rates on SGR and formulate the following hypotheses:

H1: Profit margin positively affects SGR

Effect of Leverage on SGR

Nasim and Irnama [4] showed the positive influence of financial leverage on SGR. This is in contrast to [15] which shows that leverage does not affect SGR. The difference in the results of the study underlines the need to retry leverage on RMS by proposing the following hypothesis.

H2: Leverage positively affects SGR

Effect of Liquidity on SGR

Saputro and Purwanto [3] concluded that liquidity negatively affects the real growth rate of SGR. In contrast to [6] it appears that liquidity has a positive effect on SGR. Sekartari [7] confirms the results of Saputro and Purwanto [3], that liquidity has no significant effect on SGR. The gap in the results of the study underlines the need to review the effect of liquidity on SGR by formulating the following assumptions:

H3: Liquidity positively affects SGR

Effect of Assets turnover on SGR

Nasim and Irnama [4] showed that asset returns in service sector companies had a positive effect on SGR. Meanwhile, Sekartari [7] showed that asset turnover has a positive effect on the company's SGR in the chemical industry. The results of both surveys were conducted in different sectors, namely service companies, and industries in the field of chemistry, so the results could not be

generalized. Based on both studies, the following hypotheses were made.
H4: Assets turnover positively affects SGR.

III. RESEARCH METHODS

The design of this research is quantitative causal research using SEM PLS method. SEM PLS is a multivariate analysis method that combines factor analysis and regression (correlation) analysis to know the relationship between variables studied in this study. The data source used in this study is secondary data obtained from the financial statements of manufacturing issuers published on the Indonesia Stock Exchange (IDX) during the period 2014 to 2019. The sampling method in the study using the *purposive sampling* technique so obtained 22 companies as samples. Table 1 is the names of the companies sampled in this study.

Tabel 1. List of Sample Issuers

No	Code	Name	Date Recorded
1	ARNA	Arwana Citramulia Tbk	17 July 2001
2	ASII	Astra International Tbk	04 March 1990
3	AUTO	Astra Otoparts Tbk	15 June 1998
4	BRAM	Indo Kordsa Tbk	05 September 1990
5	CPIN	Charoen Pokphand Indonesia Tbk	18 September 1991
6	DPNS	Duta Pertiwi Nusantara Tbk	08 August 1990
7	DVLA	Darya Varia Laboratoria Tbk	11 November 1994
8	GGRM	Gudang Garam Tbk	27 August 1990
9	INKP	Indah Kiat Pulp & Paper Tbk	16 July 1990
10	INTP	Indocement Tunggal Prakarsa Tbk	05 December 1989
11	JPFA	Japfa Comfeed Indonesia Tbk	23 October 1989
12	KBLM	Kabelindo Murni Tbk	01 June 1992
13	KLBF	Kalbe Farma Tbk	30 July 1991
14	MERK	Merck Indonesia Tbk	23 July 1981
15	PBRX	Pan Brothers Tbk	16 July 1990
16	SMGR	Semen Indonesia (Persero) Tbk	08 July 1991
17	TALF	Tunas Alfin Tbk	17 January 2014
18	TKIM	Pabrik Kertas Tjiwi Kimia Tbk	03 April 1990
19	TOTO	Surya Toto Indonesia Tbk	30 October 1990
20	TPIA	Chandra Asri Petrochemical Tbk	24 June 1996
21	TPSC	Tempo Scan Pasifik Tbk	17 January 1994
22	UNVR	Unilever Indonesia Tbk	11 January 1982

Source: Data processed,2020

Variable Operational Definitions

Exogenous variables in this study are Profit Margin, Leverage, Liquidity, and Assets Turnover.

Profit margin reflects a company's ability to earn net profit from each sale. If the higher the profit margin value, then it shows the better. The formula for calculating profit margin is as follows.

$$Net\ Profit\ Margin = \frac{Net\ Income\ After\ Tax}{Sales} \times 100\%$$

Leverage is the amount of debt used to finance/purchase the company's assets. Companies with more debt than equity are considered to have higher levels of debt. In this study, leverage uses debt-to-equity ratio (DER) with the following formula.

$$DER = \frac{Total\ Debt}{Equity} \times 100\%$$

Liquidity is the ability of a business to meet all financial obligations that can be paid immediately or at maturity. In particular, liquidity reflects the availability of funds owned by the company to meet all maturing obligations. In this study liquidity using the current payout *ratio.* This ratio indicates the extent to which the company's current assets can be used to settle liabilities or liabilities smoothly. The formula for calculating the current ratio is as follows.

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

Total Assets Turnover Ratio (TATO) is an efficiency ratio that measures the efficiency of the company's use of assets to product sales. In other words, this TATO ratio measures the company's ability to generate sales from its total assets by comparing net sales with total average assets. The formula for calculating TATO is as follows.

$$TATO = \frac{Sales}{Total\ Aset}$$

The endogenous variable in this study was SGR. SGR analysis can identify target growth rates when uncontrolled pressures and growth lead to poor performance or financial difficulties. SGR according to Ross, et al. [8] can be calculated by:

$$SGR = \frac{ROE \times R}{1 - (R \times ROE)}$$

Where :
SGR = Sustainable growth rate
R = Retention rate
ROE = Return on equity

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IV. RESULTS AND DISCUSSION

RESULTS

From the results of processing descriptive statistical data, Smart PLS output results are obtained as shown in the table below:

Table 2 Descriptive Statistics

Variable	Min.	Max.	Mean	Standard Deviation
NPM	4.000	264.000	55.773	55.246
DER	26.000	924.000	327.500	206.253
CR	75.000	2171.000	1160.045	541.182
TATO	54.000	1345.000	567.500	296.042
SGR	3.000	139.000	50.273	31.479

Source: Data proceed, 2020

Based on table 2 above, it can be explained as follows. Net Profit Margin (NPM) has a minimum value of 4.000 and a maximum value of 264.000. The results showed that the amount of NPM sampled by the study ranged from 4.000 to 264.000 with an average of 55.773 and a standard deviation of 55.246. The Debt Equity Ratio (DER) has a minimum value of 26.000 and a maximum value of 924.000. The results showed that the amount of DER that became the research sample ranged from 26.000 to 924.000 with an average of 327.500 and a standard deviation of 206.253. The Current Ratio (CR) has a minimum value of 75.000 and a maximum value of 2171.000. the results showed that the amount of CR sampled by the study ranged from 75.000 to 2171.000 with an average of 1160.045 and a standard deviation of 541.182. The Total Assets Turnover Ratio (TATO) has a minimum value of 54.000 and a maximum value of 1345.000. the results showed that the size of TATO as a sample of research ranged from 54.000 to 1.345.000 with an average of 567.500 and a standard deviation of 296.042. The Sustainable Growth Rate (SGR) has a minimum value of 3.000 and a maximum value of 139.000. the results showed that the size of SGR sampled by the study ranged from 3.000 to 139.000 with an average of 50.273 and a standard deviation of 31.479.

Structural Model Test

The Goodness of fit model is measured using R-square for endogenous variables and *path* coefficient values for exogenous variables which are then assessed significantly based on the t-statistical value of each path. Correlation coefficients are numbers that indicate the tightness of the relationship between endogenous variables and exogenous variables. Based on the test results using Smart PLS, the following results are obtained.

Tabel 3. Correlation Coefficient

	Original sample	T-Statistics
NPM (X1) => SGR (Y)	0.358	2.114
Leverage (X2) => SGR (Y)	0.539	2.370
Likuiditas (X3) =>SGR (Y)	-0.210	0.800
Assets Turnover (X4) =>SGR (Y)	0.525	2.515

Source: Data Processed, 2020

Tabel 4. Correlation Coefficient Interpretation

Coefficient Interval	Relationship Level
0.00 – 0.199	Very Low
0.20 – 0.399	Low
0.40 – 0.599	Medium
0.60 – 0.799	Strong
0.80 – 1.000	Very Strong

Source: Data Processed, 2020

Based on table 3, the correlation coefficient value obtained between the influence of NPM on SGR is 0.358 and belongs to the category of relationships with low scales are at intervals between 0.20-0.399 (see Table 4). The t-count value obtained is 2.114 greater than the recommended t-count value of 1.645. Because the value of t-count NPM is greater than the recommended value so it can be concluded that the relationship between the influence of NPM on SGR is significant. The correlation coefficient value obtained between leverage's influence on SGR is 0.539 and belongs to the category of relationships with scales that are medium at intervals between 0.40-0.599 (see Table 4). The t-count value obtained is 2.370 greater than the recommended t-count value of 1.645. Because the leverage t-count value is greater than the recommended value so it can be concluded that the relationship between leverage influence to SGR is significant. The correlation coefficient value obtained between liquidity's influence on SGR is -0.210 and falls into the category of relationships with a very low scale (see Table 4). The t-count value obtained is 0.800 less than the recommended t-count value of 1.645. Because the value of t-calculate liquidity is less than the recommended value so it can be concluded that the relationship between the influence of Liquidity on SGR is insignificant.

The correlation coefficient value obtained between assets turnover's influence on SGR is 0.525 and belongs to the category of medium relationships with the scale that is currently at intervals between 0.40-0.599. The calculated t-value obtained is 2.515 greater than the recommended t-count value of 1.645. Because the t-count value of assets turnover is greater than the recommended value so it can be concluded that the relationship between the influence of Assets Turnover on SGR is significant.

Determination Coefficient (R^2)

A coefficient of determination is a number that indicates the large contribution of influence exerted by exogenous latent variables to endogenous latent variables. Based on the test results using SmartPLS, the following results are obtained.

Table 5 *Coefficient of Determination*

	R-Square	*Adjusted R-Square*
SGR (Y)	0.589	0.492

Source: Data Processed, 2020

From table 5, the R-Square value is 0.589. This R-Square figure explains that the influence of NPM (X1), Leverage (X2), Liquidity (X3), and Assets Turnover (X4) variables give a value of 0.589 which can be interpreted that

endogenous latent variables can be explained by exogenous variables of 58.9, while the rest are explained by other variables beyond observation. Statistically, it can be categorized that endogenous variables can be described by exogenous variables as medium relationships.

The Adjusted R-Square value has a value with intervals between 0 and 1. If the Adjusted R-Square value is getting closer to 1, then it indicates that the exogenous latent variable (X) describes the endogenous latent variable (Y) the better. In this study, the adjusted R-Square value was 0.492 or 49.2. it can then be concluded that the 49.2 variations that occur in variable Y can be explained by exogenous variables, while the rest can be explained by other variables.

Hypothesis Testing

In testing this hypothesis, the value analyzed was the value present in the t-statistics resulting from the PLS output by comparing it with the t-table. Pls output is an estimation of latent variables which are linear aggregates of indicators. The hypothesis used is to look at the significance criteria (α) used is 0.05 or 5 percent with the following decision-making criteria:

(i) Reject Ho and accept Ha if the t-count value > t-table is more than 1.645.
(ii) Accept Ho and reject Ha if the t-count value < t-table is less than 1.645.

The output of PLS Bootstrapping results to test the research hypothesis as follows:

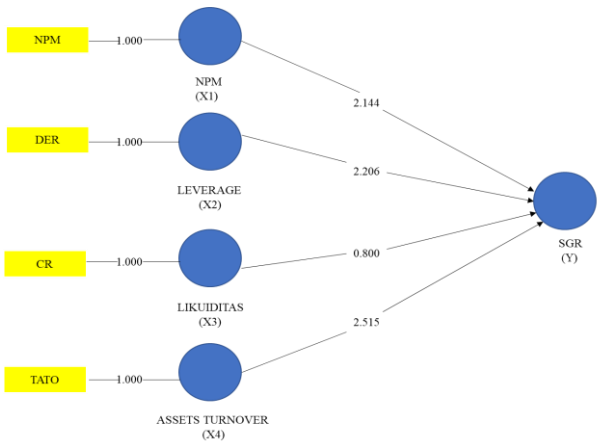

Figure 1 SEM PLS Hypothesis Test

First Hypothesis Testing: Effect of Profit Margin on SGR

Profit Margin is expected to affect SGR. Therefore, hypothesis testing is conducted using t-test with the following hypothesis formulation:

Ho: γ1= 0, The effect of Profit Margin has no significant effect on SGR.
Ha: γ1≠ 0, The Effect of Profit Margin has a significant effect on SGR.

The significance criteria (α) used are 0.05 or 5 percent with the following decision-making criteria.

(i) Reject Ho and accept Ha if the t-count value > t-table.
(ii) Accept Ho and reject Ha if the t-count value < t-table.

The test results are presented in the following table.

Table 6. *Bootstrapping* H1

	Sample Original	Sampel Mean	Standard Deviation	T-statistics
X1 => Y	0.358	0.395	0.169	2.144

Source: Data Processed, 2020

The first hypothesis (H1) that tested the relationship between NPM to SGR, showed the original sample value of 0.358 and t-statistic 2.144. The measurement results showed that t-statistics (2.144) > t-table (1.645) at a significant rate of 5 percent (0.05) = 1.645, so that in accordance with the testing criteria that is to reject Ho and accept Ha. From the results of the data can be interpreted that the sample data of exogenous latent variables (NPM) successfully prove the relationship with endogenous latent variables (SGR), or in other words X1 gives a significant influence on Y.

Second Hypothesis Testing: Leverage's Effect on SGR.

Leverage is expected to affect SGR. Therefore, hypothesis testing is conducted using t test with the following hypothesis formulation:

Ho: γ1= 0, Leverage has no significant effect on SGR.
Ha: γ1≠ 0, Leverage influence has a significant effect on SGR.

The significance criteria (α) used are 0.05 or 5 percent with the following decision-making criteria:

(i) Reject Ho and accept Ha if the t-count value > t-table.
(ii) Accept Ho and reject Ha if the t-count value < t-table.

The test results are presented in the following table.

Table 7 *Bootstrapping* H2

	Original Sample	**Sample Mean**	**Standard Deviation**	**T-statistics**
X2 =>Y	0.539	0.404	0.244	2.206

Source: Data proceed, 2020

The second hypothesis (H2) that tested the relationship between leverage to SGR, showed the original sample value of 0.539 and t-statistic 2.206. The measurement results showed that t-statistics (2,206) > t-table (1,645) at a significant rate of 5 percent (0.05) = 1,645 so that it conformed to the testing criteria of rejecting Ho and receiving Ha. From the results of the data can be interpreted that the sample data of exogenous latent variables (leverage) successfully proves the relationship with endogenous latent variables (SGR), or in other words, X2 gives a significant influence on Y.

Third Hypothesis Testing: Effect of Liquidity on SGR

Liquidity is expected to affect SGR. Therefore, hypothesis testing is conducted using t-test with the following hypothesis formulation:

Ha: γ1≠ 0, Liquidity Effect has a significant effect on SGR.

The significance criteria (α) used are 0.05 or 5 percent with the following decision-making criteria:
(i) Reject Ho and accept Ha if the t-count value > t-table.
(ii) Accept Ho and reject Ha if the t-count value < t-table.

The test results are presented in the following table.

Tabel 8 *Bootstrapping* H3

	Original Sample	Sample Mean	Standard Deviation	T-statistics
X3=> Y	-0.210	-0.093	0.262	0.800

Source: Data proceed, 2020

The third hypothesis (H3) that tests the relationship between liquidity to SGR, shows the original sample value of -0.210 and t-statistic 0.800. The measurement results showed that t-statistics (0.800) < t-table (1.645) at a significant rate of 5 percent (0.05) 1.645, thus conforming to the testing criteria of receiving Ho and rejecting Ha. From the results of the data can be interpreted that the sample data of exogenous latent variables (liquidity) did not successfully prove a relationship with endogenous latent variables (SGR), or in other words, X3 did not have a significant influence on Y.

Fourth Hypothesis Test: Effect of Assets Turnover on SGR.

Assets Turnover is expected to affect SGR. Therefore, hypothesis testing is conducted using t-test with the following hypothesis formulation:
Ho: γ1= 0, The effect of Assets Turnover has no significant effect on SGR.
Ha: γ1≠ 0, The effect of Assets Turnover has a significant effect on SGR.

The significance criteria (α) used are 0.05 or 5 percent with the following decision-making criteria:
(i) Reject Ho and accept Ha if the t-count value > t-table.
(ii) Accept Ho and reject Ha if the t-count value < t-table.

The test results are presented in the following table.

Tabel 7. Bootstrapping H 4

	Original Sample	Sample Mean	Standard Deviation	T-statistics
X4=>Y	0.525	0.453	0.209	2.515

Source: SmartPLS processed data, 2020

The Fourth Hypothesis (H4) which tests the relationship between assets turnover against SGR, shows the original sample value of 0.525 and t-statistic 2.515. The measurement results showed that t-statistics (2,515) > t-table (1.645) at a significant rate of 5 percent (0.05) 1.645, thus conforming to the testing criteria of rejecting Ho and receiving Ha. From the results of the data can be interpreted that the sample data of exogenous latent variables (assets turnover) successfully proves the relationship with endogenous latent variables (SGR), or in other words, X4 has a significant influence on Y.

The summary of output results by bootstrapping exogenous latent variables against endogenous latent variables is as follows.

Table 8 Summary

	Original Sample	**Sample Mean**	**Standard Deviation**	**T-statistics**	**P Values**	**Description**
X1 => Y	0.358	0.395	0.169	2.144	0.035	Accepted
X2 =>Y	0.539	0.404	0.244	2.206	0.028	Accepted
X3 =>Y	-0.210	-0.093	0.262	0.800	0.424	Rejected
X4 =>Y	0.525	0.453	0.209	2.515	0.012	Accepted

Source: Data Processed, 2020

DISCUSSION

Effect of Profit Margin on SGR

This research proves the influence of Profit Margin on SGR. The results of this study are in line with Nasim and Irnama [4] that profit margin has a significant positive effect on SGR. However, the results of this study are not in line with the results of research conducted by Insaniyah [15] which concluded that profit margins negatively affect SGR. The correlation coefficient value obtained between the influence of NPM on SGR is 0.358 and belongs to the category of relationships with low scale (being at intervals between 0.20-0.399). This finding shows that the value of profit margin is getting higher, so SGR in the company will increase. Companies that earn high-profit margin means the company's ability to generate profit is relatively good and also the company is effective and efficient in the use of operational costs of the company. However, due to the relatively low-profit margin relationship, it shows that profit margin does not fully guarantee the sustainability of the company's growth.

Leverage Influence on SGR

Leverage construct variables have a significant positive effect on SGR. The results of this study are in line with the results of research conducted by Nasim and Irnama [4]. However, it is not in line with the results of research conducted by Insaniyah [15] which concluded that leverage negatively affects SGR. Empirically this study concluded that higher leverage will be followed by an increase in SGR. Companies that have a high leverage value can be used to increase higher income by using capital derived from the company's debt to the maximum in running its business so that the company's revenue increases. But high leverage

value also has risks for companies because low leverage value has a good level of fund security. Leverage's influence on SGR is 0.539 and falls into the category of relationships with medium-scale (being at intervals between 0.40-0.599), it can be interpreted that leverage is sufficient to determine the sustainability of the growth of the company sampled this research.

Effect of Liquidity on SGR

Hypothetical test results show that liquidity does not affect SGR. The results of this study are in line with the results of research conducted by Saputro and Purwanto [3], and Sekartari [7] with the conclusion that liquidity effects (but negative) on SGR. However, the results of this study are not in line with the results of research conducted by Junaidi, et al. [6] which concluded that liquidity has a positive effect on SGR. Companies that have excessive liquidity are not productive in increasing sales growth, because some of the assets that should be deployed support growth strategies, and competitiveness are thus tied to unproductive assets.

Effect of Assets turnover on SGR

This study provides evidence that assets turnover positively affects SGR. The results of this study are in line with the results of research conducted by Nasim and Irnama [4] and Sekartari [7] It can be concluded that the higher *assets turnover* value will be followed by the increase in SGR. The higher the value of assets turnover in the company, the sales of the company will increase and the utilization of the company's assets will be more efficient. The correlation coefficient of Assets Turnover's influence on SGR is 0.525 and belongs to the category of relationships with medium-scale (located at intervals between 0.40-0.699). This shows that the sustainability of the company's growth required management efficiency on assets.

V. CONCLUSION

1. Profit margin has a positive influence on SGR. Companies with high-profit margins mean the company's ability to generate profit is relatively good and also the company is effective and efficient in the use of the company's operational costs. However, due to the relatively low-profit margin relationship to SGR, profit margin does not guarantee the full sustainability of the company's growth.
2. Leverage has a positive influence on SGR. Companies that have a high *leverage* value can be used to increase higher income by using capital derived from the company's debt to the maximum in running its business so that the company's profit growth increases.
3. Liquidity does not affect SGR. Companies that have excessive liquidity are not productive in increasing sales growth, because some of the assets that should be deployed support growth strategies, and competitiveness are thus tied to unproductive assets.
4. Assets turnover has a positive influence on SGR. The higher the value of assets turnover in the company, the sales of the company will increase and the utilization of the company's assets will be more efficient. This shows that the sustainability of the company's growth required management efficiency on assets.

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