

Effect Of Gross Profit Margin, Return On Assets And Current Ratio On Profit Growth In Property And Real Estate Subsector Companies Listed On The Indonesia Stock Exchange For The Period 2016-2020

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ABSTRACT

The object used in this study is a property and real estate subsector company that has gone public in the period 2016-2020. The purpose of the study is to test, explain and empirically prove the influence of Gross Profit Margin, Return On Assets and Current Ratio on profit growth.

The method used is a quantitative method using secondary data. The population used is the entirety of the research object. Sample selection using non-probability sampling techniques with purposive sampling methods, so that six property and real estate subsector companies have gone public according to the predetermined time span to be used as samples.

The data analysis techniques in this study are descriptive statistical analysis, classical assumption test, multiple linear regression analysis and hypothesis test with the help of SPSS (Statistical Program for Social Science) program version 24.

The results of this study state that simultaneously there is an influence between Gross Profit Margin, Return On Assets and Current Ratio on profit growth with a significant value of $0.009 < 0.05$, while individually states that among the three independent variables there are two variables that have a significant positive influence on profit growth, namely ROA with a sig value. $0.002 < 0.05$ and CR with a sig. $0.031 < 0.05$. A variable of GPM produces a sig. $0.145 < 0.05$, this showing that GPM has a negative effect on profit growth.

Keywords : GPM, ROA, CR, Profit Growth

INTRODUCTION

In business obtaining profits is the reason for the establishment of a business. To achieve these targets, effective and efficient management is needed in order to be able to manage the company in increasing profit growth. But in managing the business is always found problems, where the company can experience losses caused by unexpected things. Therefore, financial statements are needed as a means of conveying information for management to know the financial status of the company.

Financial statements can be used as a measure of profit growth. Some of the factors that can be used include financial ratio analysis. Financial ratio analysis is a measuring instrument based on combining figures in the income statement and balance sheet. These factors include Liquidity Ratio, Activity, Leverage, Profitability and Market.

THEORETICAL FOUNDATION

1. Financial Statements

Meaning of financial statements (Sulindawati, 2017, p. 155):

"Give an overview of the financial impact based on transactions into various large groups according to their economic characteristics."

2. Financial Statement Analysis

According to (Mokhamad Anwar, 2019, p. 171) there are several techniques for financial statement analysis provided by financial management science, including:

- a. Financial Ratio, consisting of: Liquidity, Activity, Leverage, Profitability and Market.
- b. Common Size, converts the unit of money figure in the financial statements into a percentage number and is matched by the performance of the previous year's common size or industry average.
- c. DuPont System, reduces the relationship between financial ratios by looking for how big the financial ratio is based on other financial ratio data.

3. Profitability

According to (Agleintan et al., 2019, p. 3) says that:

"Srofitability is a ratio to measure a company's ability to make a profit."

In this study, the rasio used were;

- a. Gross Profit Margin, the result of a percentage of the division of gross profit against net sales. Here's how to calculate the GPM ratio :

$$\text{GPM} = \frac{\text{Gross Profit}}{\text{Net Sales}}$$

- b. Return On Assets, measures the successful use of a company's assets to make a profit from using of those assets. The higher the ratio reflects the higher the effectiveness of the company. (Sumantri, 2021, p. 6) Here is how to calculate the ROA ratio :

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

4. Liquidity

According to (Hantono, 2018, p. 9) says that:

"Likuidity is a ratio to measure how capable a company is to meet all its short-term debt."

The ratios used in the study, among others:

- a. Current Ratio, shows the expertise of a management to fulfil the company's short-term liabilities by utilizing current assets. Here's how to calculate the Current Ratio ratio :

$$CR = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

5. Profit Growth

According to Priyono in (Wahyuningsih, 2020, p. 12) there are several things that can affect the increase in company profits, namely:

- a. The size of the company, expected to be directly proportional to the results obtained, the larger a company is expected to be a large profit result as well.
- b. The age of the company, the size of the company's age is very influential on future strategies, because it has previous experience.
- c. The source of funds by debt, the high source of funds from debt or the use of company assets is expected to provide a high increase in profits, so that profit growth can be achieved.
- d. Sales results, profit growth will be affected by the level of sales generated.
- e. Changes in profits in the previous period, there is uncertainty in future profits , due to profits that continue to rise every period.

The explanation of the Expectation on (Wahyuni, 2017, p. 120) regarding the profit growth formula is:

$$Y = \frac{Y_t - (Y_t - 1)}{(Y_t - 1)} \times 100 \%$$

Information

Y : Profit growth

Y_t : Advantages of the current period

(Y_t - 1) : Profit of the previous period

RESEARCH METHODS

This study used quantitative data in the form of numbers with ratio scale measurements (Fauzi, 2019, pp. 118-119). The population is all the property and real

estate subsector companies that have gone public. Then the selection of samples with non-probability sampling techniques using purposive sampling method based on terms and conditions by the author (Sugiyono, 2018, pp. 84-85), so that six companies were obtained as samples.

DISCUSSION RESULTS

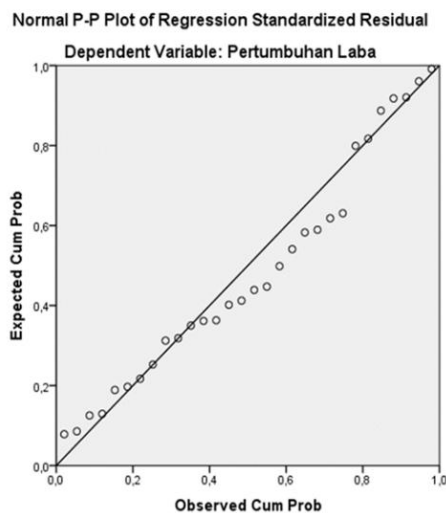
1. Descriptive Statistics

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Gross Profit Margin	30	,45	,74	,5693	,08975
Return on Assets	30	,01	,12	,0623	,03739
Current Ratio	30	,97	5,70	2,5467	1,29770
Profit Growth	30	-,60	,74	-,0313	,27413
Valid N (listwise)	30				

Source: SPSS Data Processing 24 (2021)

The lowest value of GPM is 0.45 and the highest is 0.74. The average count is 0.5693 while the standard deviation is 0.08975. The lowest value is ROA 0.01 and the highest is 0.12. The average count is 0.0623 while the standard deviation is 0.03739. The CR variable has a low of 0.97 and a high of 5.70. The average count is 2.5467 while the standard deviation is 1.29770. The lowest laba growth is -0.60 and the highest is 0.74. The average count is -0.0313 while the standard deviation is worth 0.27413.

2. Normality



Source: SPSS Data Processing 24 (2021)

In this test, useful in finding out the distribution of variables of the disruptor is normal or almost normal, can use two ways, namely graphs such as Normal P Plot or Kolmogorov Smirnov with significant values ($\alpha < 0.05$) abnormal data, while insignificant values ($\alpha > 0.05$) normal data. (Wibowo, 2019, pp. 5–8)

In the Normal P Plot, the points are spread diagonally, most of the spread is close to the diagonally shaped line and tends to follow the direction of the diagonal line, therefore this research data is in accordance with normal assumptions and passes normality testing. In addition, there are also test results of the Kolmogorv Smirnov method.

One Sample Kolmogorov Smirnov Test

		Unstandardized Residual	
N		30	
Normal Parameters ^{a,b}	Mean	,0000000	
	Std. Deviation	,24559345	
Most Extreme Differences	Absolute	,129	
	Positive	,129	
	Negative	-,067	
Test Statistic		,129	
Asymp. Sig. (2-tailed)		,200 ^{c,d}	
Monte Carlo Sig. (2-tailed)	Itself.	.656 ^e	
	99% Confidence Interval	Lower Bound	,643
		Upper Bound	,668

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Based on 10000 sampled tables with starting seed 2000000.

Source: SPSS Data Processing 24 (2021)

3. Multicollinearity

This pada pengujian produces a tolerance value greater than 0.1 and VIF less than 10, so this regression model is free from multicollinearity due to the absence of independent variables that have a perfect relationship. Here are the results of the multicollinearity test:

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	BRIGHT

1	Gross Profit Margin	,265	3,776
	Return on Assets	,294	3,402
	Current Ratio	,624	1,602

a. Dependent Variable: Profit Growth

Source: SPSS Data Processing 24 (2021)

4. Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,593 ^a	,352	,277	,23310	1,351

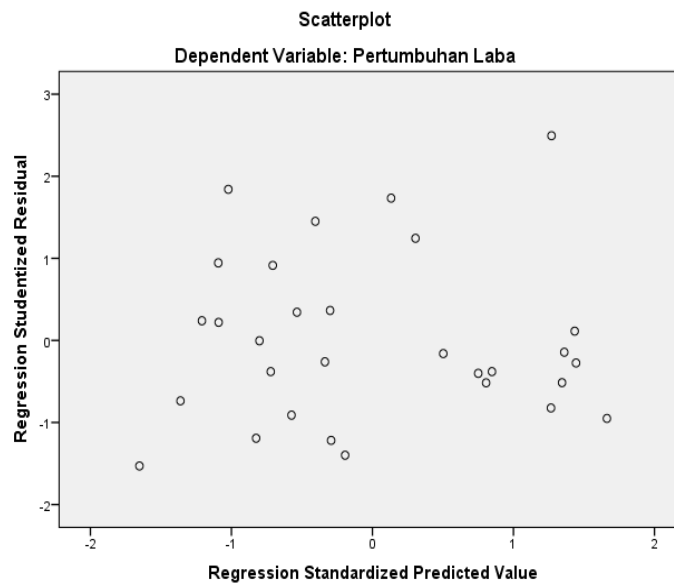
a. Predictors: (Constant), Current Ratio, Gross Profit Margin, Return on Assets

b. Dependent Variable: Profit Growth

Source: SPSS Data Processing 24 (2021)

Autocorrelated testing with Durbin-Waston obtained a value of 1,351 which is between -2 to +2, so the data is free from autocorrelation.

5. Heteroskedastisitas



Source: SPSS Data Processing 24 (2021)

In this test, it was seen that all points were scattered irregularly either above or below the number zero (0) on the Y axis, so it did not form a certain pattern, therefore this study was free from heteroskedasticity.

6. Multiple Regression Analysis

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Itself.
	B	Std. Error	Beta		
1 (Constant)	-,044	,318		-,138	,891
Gross Profit Margin	-,812	,540	-,263	-1,502	,145
Return on Assets	4,459	1,314	,608	3,394	,002
Current Ratio	,111	,049	,370	2,287	,031

a. Dependent Variable: Profit Growth
 Source: SPSS Data Processing 24 (2021)

There is a double regression equation below:

$$(Y) = -0.044 - 0.812 (X1) + 4.459 (X2) + 0.111(X3)$$

From the equation above, here is the explanation:

- a. Constant, showing a negative influence of -0.044 means that if all gpm, ROA and CR variables do not change, then profit growth decreases by 0.044.
- b. GPM, negatively affected by profit growth of -0.812, so that if GPM increased, then profit growth decreased by -0.812.
- c. ROA, has a good effect with profit growth of 4,459, so that the increase in roa value will be followed by an increase in profit growth of 4,459.
- d. CR, positively affected by profit growth of 0.111, so that the increase in the value of CR will be followed by an increase in profit growth of 0.111.

7. Coefficient of Determination

Model	Model Summary ^b			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,593 ^a	,352	,277	,23310

a. Predictors: (Constant), Current Ratio, Gross Profit Margin, Return on Assets
 b. Dependent Variable: Profit Growth
 Source: SPSS Data Processing 24 (2021)

Adjusted R Square obtained a value of 0.277 or 27.7%, so it can be concluded that free variables can only inform a little needed in providing an idea of the bound variables and the remaining 72.3% (100% - 27.7%) are influenced by other factors outside the study.

8. Partial Test

Model	Coefficients ^a				
	Unstandardized Coefficients	Std. Error	Std. Coefficients Beta	t	Itself.
1 (Constant)	-,044	,318		-,138	,891
Gross Profit Margin	-,812	,540	-,263	-1,502	,145
Return on Assets	4,459	1,314	,608	3,394	,002
Current Ratio	,111	,049	,370	2,287	,031

a. Dependent Variable: Profit Growth
 Source: SPSS Data Processing 24 (2021)

In the test hasil above, it can be explained as follows:

a. Effect of GPM (x_1) on Profit Growth (Y)

The calculation of $t^{(calculate)} < t^{(table)}$ is $-1,502 < 2,052$ with a sig value. $0.145 > 0.05$ indicates that GPM has an insignificant negative influence on the increase in profit, then the application of the hypothesis in the form of H_1 is rejected and H_0 is accepted.

b. Effect of ROA (x_2) on Profit Growth (Y)

Calculation $t^{(calculate)} > t^{(table)}$ is $3,394 > 2,052$ with a sig value. $0.002 < 0.05$ indicates that ROA has a significant positive influence on the increase in profit, then the submission of hypotheses in the form of H_2 is accepted and H_0 is rejected.

c. Effect of CR (x_3) on Profit Growth (Y)

The calculation of $t^{(calculate)} > t^{(table)}$ is $2,287 > 2,052$ with a significant value. $0.031 < 0.05$ indicates that there is a significant positive influence of CR on profit growth, then the submission of hypotheses in the form of H_3 is accepted and H_0 is rejected.

9. Simultaneous Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	,767	3	,256	4,703	,009 ^b
	Residual	1,413	26	,054		
	Total	2,179	29			

a. Dependent Variable: Profit Growth

b. Predictors: (Constant), Current Ratio, Gross Profit Margin, Return on Assets

Source: SPSS Data Processing 24 (2021)

According to the results, the authors concluded that the GPM, ROA and CR variables have a simultaneous influence on the growth of laba because the results of $f^{(count)}$ and $f^{(table)}$ obtain a value of $4,703 > 2,960$ and a sig value. $0.009 < 0.05$, so that the submission of hypotheses in the form of H4 is accepted and H0 is rejected.

CONCLUSION

Based on the results of the tests that have been conducted, the authors concluded that the influence of each independent variable on the profit growth of property and real estate subsector companies: (1) GPM has a negative influence is not significant. (2) ROA has a significant positive impact. (3) CR has a significant positive effect. (4) And simultaneously state that profit growth can be influenced by all independent variables simultaneously positively significantly.

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