

The Influence of Liquidity, Leverage, Profitability and Activity Against Growth of Profits at Property and Real Estate Companies Listed on BEI

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Abstract: *This research aims to test the influence of liquidity, leverage, profitability, and activity against growth of profit at property and real estate companies listed on BEI. The population of this research is all the property and real estate companies listed in BEI during 2014-2016. Based on the method purposive sampling, samples of this research as much as 34 property and real estate companies listed on BEI. Type of data used in this research is secondary data obtained from (www.idx.co.id). Methods of analysis used are multiple linear regression analysis. The results showed liquidity and leverage do not have influence to the profit growth, while profitability and activity have influence to the profit growth.*

Keywords: *liquidity, leverage, profitability, activity, profit growth*

1. INTRODUCTION

The company's success can be measured based on the financial performance of an enterprise in gain of profit. Profit growth can be analyzed by using financial ratios. Financial ratios is an activity comparing the figures that exist in the financial statements by means of dividing one number by another number. The rating agency issued a ranking of rating to the company that issued the bonds, usually basing the rating assessment based on financial ratio analysis. Financial ratios that are used in this research is the liquidity, leverage, profitability and activity.

Ratio of liquidity in this research is represented by the current ratio. Current ratio is the ratio to measure the company's ability to pay short-term liabilities in the top of the debt immediately due. The higher total assets current liabilities against smooth then the greater the company's ability in repaying debt. The research of Khaldun & Muda (2014), Rantika & Budiarti

(2016), and Wibisono & Triyonowati (2016) stated that the current ratio influence to the profit growth. So the H1 is liquidity influence on profit growth.

Leverage ratio in this study represented by debt to equity ratio. According Kasmir (2010) debt to equity ratio is the ratio that is used to assess the debt with equity. If the level of debt to equity ratio is low then the financial performance is getting better because of the higher level of debt repayment. Research Heikal, Khaddafi, & Ummah (2014), Rantika & Budiarti (2016), and Wibisono & Triyonowati (2016) stated that the debt to equity ratio influence to the profit growth. So H2 is leverage influence on profit growth.

The ratio of profitability in this research is represented by the net profit margin. According Kasmir (2010) net profit margin is a ratio used to measure the return on sales margin. The higher the value of the net profit margin, the greater the net profit, the greater net income obtained by the company. Research Wibisono & Triyonowati

(2016) and Suryono & Sulistyowati (2017) which states that net profit margin influence to the profit growth. So that the H3 is profitability influence on profit growth.

Activity ratio in this research is represented by the Total Asset Turnover. According Kasmir (2010) total asset turnover is used to measure the rotation of all assets owned by the company and measuring how the amount of sales generated from every rupiah assets. Research Gunawan & Wahyuni (2013) and Wibisono & Triyonowati (2016) states that the total asset turnover influence to the profit growth. So the H4 is activity influence on profit growth. This research aims to test and analyze the influence of liquidity, leverage, profitability and activity to the profit growth.

2. METHODOLOGY

The type of research used in this research is quantitative. The source of the data in this study is secondary data in the form of the financial statements of the property and real estate companies accessed through the Indonesia Stock Exchange official website i.e. www.idx.co.id. The dependent variable in this research is profit growth. The independent variable in this research is liquidity was measured using current ratio, leverage was measured using debt of equity ratio, profitability was measured using net profit margin and activity was measured using total asset turnover.

Population in this research is all property and real estate companies listed on BEI 2014-2016 period. Sampling in this study using the method of purposive sampling. The specified criteria in the selection of the sample of this research is 1) The property and real estate companies listed on BEI during

2014-2016, 2) The property and real estate companies who published financial statements that have been audited during years of research 2014-2016, 3) The property and real estate companies that generates net income during years of research 2014-2016. Methods of data analysis used in the study was descriptive statistics analysis method which aims to give an overview of data views of the value of the minimum, maximum, mean and standard deviation.

A classic assumption test among others the normality test aims to find out the distributed data is normal or not, using the kolmogorov smirnov test criteria if the value of significance > 0.05 data have been distributed to the normal and proper use in research.

Multicollinearity test is used to test whether the model regression correlation between independent variables occurs Ghazali (2005). Good regression model does not occur the correlation between independent variables. If the value of tolerance > 0.1 and VIF < 10 then not happen multicollinearity.

Autocorrelation test is used to test whether a linear regression model there is a correlation between error period t with period $t-1$ Ghazali (2005). One way to test autocorrelation is using run test. If the value of significance > 0.05 then no autocorrelation in regression models.

Heteroskedastisitas test is used to test whether the model regression residual variance inequality occurs from one observation to another observation Ghazali (2005). Good regression model does not occur heteroskedastisitas. One of the ways used to test heteroskedastisitas is using scatterplot graphs. If the points are spread randomly and does not gather in one

place, then it can be inferred that this not occurred heteroskedastisitas.

Multiple linear regression analysis is used to find out the relationship between the independent variables with dependent variable associated positive or negative and predicting independent variables whether increase or decrease. As for the multiple linear regression equation:

$$Y = \alpha + b_1 \text{liquidity} + b_2 \text{leverage} + b_3 \text{profitability} + b_4 \text{activity} + e$$

Description:

Y = Growth of Profit

α = Constant

Liquidity = CR

Leverage = DER

Profitability = NPM

Activity = TATO

e = Error

Test the feasibility of the model used to determine whether the regression models in decent to use. t-test was used to test the influence of one independent variable individually to explained dependent variable Ghozali (2005).

3. RESULTS AND DISCUSSION

This research used the spss statistics 17.0 applications. Based on the method of purposive sampling, the samples used in the study was 34 property and real estate companies listed on BEI 2014-2016 period.

3.1 The Results of Descriptive Statistic

Descriptive statistics analysis method which aims to give an overview of data views of the value of the minimum, maximum, mean and standard deviation.

Table 1 The Results of Descriptive Statistical

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	99	.56	9.39	2.4388	1.75310
Leverage	99	.06	1.83	.7161	.44929
Profitability	99	.02	15.09	.5006	1.60257
Activity	99	.01	.42	.2198	.08903
Profit Growth	99	-.93	3.00	.0854	.68307

Liquidity variable (Current Ratio) has a minimum value 0,56 and a maximum value 9.39 value with mean value 2,4388 and standard deviation 1.75310. leverage variable (Debt to Equity Ratio) has a minimum value 0,06 and a maximum value 1.83 with mean value 0,7161 and standard deviation 0.44929. The Profitability variable (Net Profit Margin) has a minimum value 0,02 and a maximum value 15.09 with mean value 0,5006 and standard deviation 1.60257. Activity variable (Total Asset Turnover) have a minimum value 0.01 and the maximum value is 0,42 with mean value of 0.2198 and standard deviation 0.08903. The

profit growth variable has a minimum value -0,93 and a maximum value of 3.00 with mean value 0,0854 and standard deviation 0.68307.

3.2 The Results of A Classic Assumption Test

3.2.1 Normality Test

Normality test aims to find out the distributed data is normal or not using the kolmogorov smirnov test.

Variable	Sig	Std.	Description
<i>Unstandardized Residual</i>	0,184	> 0,05	Data is distributed normally

Based on the results of a normality test in table 2 using the Kolmogorov Smirnov test showed that the unstandardized residual

variables have the value of sig. $0.184 > 0.05$ then it can be inferred that the data is distributed normally.

3.2.2 Multicollinearity Test

Variable	Tolerance	Std	VIF	Std	Description
Liquidity	0,856	>0,10	1,168	<10	No multicollinearity
Leverage	0,779	>0,10	1,283	<10	No multicollinearity
Profitability	0,927	>0,10	1,079	<10	No multicollinearity
Activity	0,877	>0,10	1,141	<10	No multicollinearity

Based on table 3 above shows that all free variables have the value of tolerance is $> 0,10$ and the value of Variance Inflation Factor (VIF) is < 10 . Based on the basis of analysis are used, it can be

concluded that the data in this study no multicollinearity.

3.2.3 Autocorrelation Test

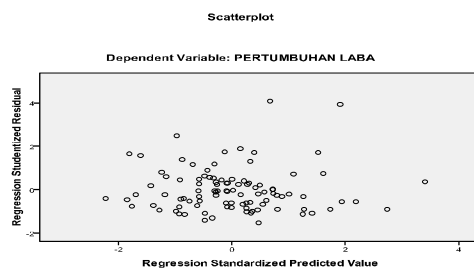
One way to test autocorrelation is using run test.

Variable	Sig	Std	Description
<i>Unstandardized Residual</i>	0,189	> 0,05	No Autocorrelation

Based on autocorrelation test results in table 4 above, it can be conclude that the unstandardized residual variable does not occur symptom autocorrelation because unstandardized residual variable has a value sig > 0.05 ($0.189 > 0.05$)

3.2.4 Heteroskedastisitas Test

According Ghozali (2005) heteroskedastisitas test is used to test whether the model regression residual variance inequality occurs from one observation to another observation. One of the ways used to test heteroskedastisitas is using scatterplot graphs.



From scatterplot graphs above can be seen the points spread with no apparent pattern above and below the 0 on the Y axis. It can be inferred that does not occur heteroskedastisitas on regression models.

3.3 The Results of Multiple Regression Linear Test

Description	B
Constant	-0,495
Liquidity	-0,038
Leverage	-0,154
Profitability	0,116
Activity	3,301

Based on multiple regression linier analysis results in table 5, then the equation of linier regression analysis of the obtained compounds as follows:

$$Y = -0,495 - 0,038 \text{ liquidity} - 0,154 \text{ leverage} + 0,116 \text{ profitability} + 3.301 \text{ activity} + e$$

Multiple linear regression analysis of the equation above has the sense as follows:

- a. Constant (a) has a negative value of -0,495 which indicates that if the independent variables are assumed to be constant, then the dependent variable i.e profit growth will be down by 0,495
- b. Coefficient regression (b_1) liquidity variable (X1) has a negative value of -0,038, it can be concluded that if the variable liquidity rose by 1 percent assuming the other independent variables constant, then it will be followed by a decrease profit growth of 3,8 percent
- c. Coefficient regression (b_2) leverage variable (X2) has a negative value of -0,154, it can be concluded that if the variable leverage rose by 1 percent assuming the other independent variables constant, then it will be followed by a decrease profit growth of 15,4 percent
- d. Coefficient regression (b_3) profitability variable (X3) has a positive value of 0,116, it can be concluded that if the variable profitability rose by 1 percent assuming the other independent variables constant, then it will be followed by the increase in profit growth of 11,6 percent
- e. Coefficient regression (b_4) activity variable (X4) has a positive value of 3,301, it can be concluded that if the variable activity rose by 1 percent assuming the other independent variables constant, then it will be followed by the increase in profit growth 330,1 percent.

3.4 The Results of Model Feasibility Test (F Test)

Model	F_{count}	F_{table}	Sig	P	Description
1	6,043	2,47	0,000	< 0,05	The model is feasible

Based on the results test in table 6 above, obtained F_{count} value is 6,043 with significance of 0,000. Because

$F_{\text{count}} > F_{\text{table}}$ (6,043 > 2,47) then H_0 rejected and H_a are accepted. With the significance value is smaller i.e

0,000<0,05, then can be inferred that the model in this research is feasible.

3.5 The Results of t Test

Variable	T _{count}	t _{table}	Sig	Std	Description
Liquidity	-0,984	1,985	0,328	0,05	H1 rejected
Leverage	-0,972	1,985	0,333	0,05	H2 rejected
Profitability	2,842	1,985	0,006	0,05	H3 accepted
Activity	4,379	1,985	0,000	0,05	H4 accepted

The First Hypotesis (H1) : The influence of Liquidity (Current Ratio) Against Profit Growth

First hypotesis (H1) liquidity variable represented by current ratio obtained t_{count} value is -0,984 assuming t_{count} smaller than t_{table} (-0,984 < 1,985) and value of significance is 0,328 assuming the value of significance greater than 0,05 (0,328 > 0,05). So the first hypotesis (H1) in this research rejected assuming H₀ accepted H₁ rejected or in the other words liquidity variable not influence to the profit growth. The results of this research are supported with research conducted by Gunawan & Wahyuni (2013), Khaldun & Muda (2014), Andriyani (2015), Yanti (2017) and Djannah & Triyonowati (2017) stating that the current ratio does not influence to the profit growth, but not supported with research conducted by Rantika & Budiarti (2016) stating that the current ratio have influence on profit growth.

The larger value of current ratio generated will lower the company's profit growth. This is because the company spent to meet the liabilities which must be repaid soon, so that will have an impact on the decline of the acquired company's profit growth. Companies that have a low current ratio more capable of generating better profit compared wit companies that have a high current ratio. Companies that have a high current ratio indicates a high

profit anyway. That means the company has short-term liabilities that exceeded current assets, so the company will have difficulty in paying off short-term liabilities.

The Second Hypotesis (H2) : The Influence of Leverage (Debt to Equity Ratio) Against Profit Growth

Second hypotesis (H2) leverage variable represented by debt to equity ratio obtained t_{count} value is -0,972 assuming t_{count} smaller than t_{table} (-0,972 < 1,985) and value of significance is 0,333 assuming the value of significance greater than 0,05 (0,333 > 0,05). So the second hypotesis (H2) in this research rejected assuming H₀ accepted H₂ rejected or in the other words leverage variable not influence to the profit growth. The results of this research are supported with research conducted by Gunawan & Wahyuni (2013), Yanti (2017) and Djannah & Triyonowati (2017) stating that the debt to equity ratio not influence to the profit growth, but not supported with research conducted by Wibisono & Triyonowati (2016) stating that the debt to equity ratio have influence to the profit growth.

The high of debt to equity ratio has a bad impact on performance of the company due to higher debt levels will lead to higher interest expenses which can reduce the profits of the company. This is because the company's debt level is higher than the amount of the

equity owned. The higher debt levels will result in the amount of interest expenses is getting big so the lower the debt rate of return which would be no good to corporate profit growth.

The Third Hypotesis (H3) : The Influence of Profitability (Net Profit Margin) Against Profit Growth

Third hypotesis (H3) profitability variable represented by net profit margin obtained t_{count} value is 2,842 assuming t_{count} greater that t_{table} (2,842 > 1,985) and value of significance is 0,006 assuming the value of significance smaller than 0,05 (0,006 < 0,05). So the third hypotesis (H3) in this research accepted assuming H_0 rejected H_3 accepted or in the other words profitability have influence to the profit growth. The results are supported with research conducted by Heikal, Khaddafi, & Ummah (2014), Wibisono & Triyonowati (2016) and Suryono & Sulistyowati (2017) stating that net profit margin have influence to the profit growth, but not supported with research conducted by Yanti (2017) stating that the net profit margin does not influence to the profit growth. The higher value of net profit margin means the greater net profits obtained through the company’s net sales. The magnitude of the net profit margin earned will

attract investors to infuse capital to boost corporate profit growth.

The Fourth Hypotesis (H4) : The Influence of Activity (Total Assets Turnover) Against Profit Growth

Fourth hypotesis (H4) activity variable represented by total assets turnover obtained t_{count} value is 4,379 assuming t_{hitung} greater that t_{count} (4,379 > 1,985) and value of significance is 0,000 assuming the value of significance smaller than 0,05 (0,000 < 0,05). So the fourth hypotesis (H4) in this research accepted assuming H_0 rejected H_4 accepted or in the other words activity have influence to the profit growth. The results are supported with research conducted by Wibisono & Triyonowati (2016), Suryono & Sulistyowati (2017) stating that total asset turnover have influence to the profit growth, but not supported with research conducted by Andriyani (2015) stating that the total assets turnover does not influence to the profit growth. The larger value of this ratio then assets can spin faster, indicating a high number of sales so that the company can achieve profit and increase the company’s profit growth.

3.6 The Results of Coefficient Determination (R²) Test

Table 7 The Results of Coefficient Determination (R ²) Test		
Model	Adjusted r Square	Description
1	0,171	The independent variables can explain the dependent variable

Based on the results test of coefficient determination in table 7 above, the independent variables in this research is liquidity, leverage, profitability, and activity can explain dependent variable i.e profit growth of 17,1%. It is visible from the Adjusted R Square value of 0,171. While the dependent variable 82,9% profit growth

is affected by other variables that are not used in this research.

4. CONCLUSIONS AND SUGGESTIONS

This research aims to test the influence of liquidity, leverage, profitability and activity against growth of profit on property and real estate

companies listed in BEI 2014-2016 period. Type of this research is quantitative research. Method of this research using a purposive sampling method, so that the obtained samples as much as 34 property and real estate companies listed on BEI. Based on the results of the testing show that the liquidity and leverage variable have no effect against profit growth, while the variable profitability and activity have effect against profit growth.

Suggestions for further research are 1) expected to enlarge the sample research, \, 2) expected to increase the period of observation is more than 3 years and adding independent variables in research that can explain the growth of profit.

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