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Analysis of Company Growth and Liquidity on Profitability (Financial study on property and real estate sub-sectors listed on the IDX)

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ABSTRACT

If the company decides to set a large amount of working capital, it is likely that the liquidity level will be maintained but the opportunity to earn a large profit will decrease, which in turn has an impact on decreasing profitability. The purpose of this study is to determine company growth, company liquidity, and profitability in the property and real estate sub-sector listed on the IDX for the period 2019 - 2021. The research methods used in this study are associative and descriptive methods with a quantitative approach. The population in this study is the property and real estate sub-sector listed on the IDX for the period 2019 - 2021, with the number of samples used in the study, namely 20 manufacturing companies. The data collection techniques used in this research are documentation and literature study. The data analysis techniques used in this study are Descriptive Statistical Techniques, Multiple Correlation Coefficients, Coefficient of Determination, Simultaneous Test, Multiple Linear Regression, and Hypothesis Testing. The results of this study indicate that the statistical test results show the tcount of the variable Company growth (X1) of $2.248 > 2.000995$ then H_0 is rejected and H_a is accepted. It can be seen that company growth has a significant effect on profitability. Based on the results of statistical tests, the tcount of the Liquidity variable (X2) is $2.018 > 2.000995$, so H_0 is rejected and H_a is accepted. It can be known that liquidity has a significant effect on profitability.

INTRODUCTION

In the first semester of 2022, the annual performance (year on year) of the property industry sector (real estate) grew by 2.96 percent. This positive growth performance continued the previous year's performance which was also positive. Meanwhile, the performance of the property industry sector (real estate) per quarter (q on q) in the second quarter of 2022, experienced a growth of 0.01 percent. This is because the shares of companies in the Property and Real estate sector still offer upside potential. This is seen from several companies in the Property and Real estate sector that have shown

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maximum prospects for their companies. This condition makes investors compete to invest their funds in the property and real estate sector companies. The property and real estate sector is a large sector that is able to absorb a large number of workers and has a chain effect on other economic sectors. The company reflects its best possible performance with financial reports that are reported regularly so that investors can monitor the company's performance (Setianto et al., 2020).

Companies can maximize their profits if financial managers know the factors that have a major influence on company profitability (Vidyasari et al., 2021). By knowing the influence of each factor on profitability, companies can determine steps to overcome problems and minimize the negative impacts that arise.

High profitability will attract investors to invest, because investors have an assessment that the return generated will also be large so that one of the reasons for investors to invest funds in the company. Effective management of fund resources by company management will increase the company's net profit, the correspondence stating the company's ability to generate net profit for return on shareholders' equity is return on assets (ROA). Investors will care about companies that can generate higher profits so that investors will invest in the company (Kusna & Setijani, 2018:94).

Several factors can be considered to maximize profitability by taking into account the interests of the company and shareholders. Some of these factors include company growth and liquidity are factors considered in this study.

The first factor that affects company profitability is company growth. Company growth is a change (increase or decrease) in total assets owned by the company. Companies that have an increasing growth rate every year indicate that the company is progressing or is experiencing development from time to time. For companies with increasing growth, it will be more flexible in carrying out all company activities such as increasing sales and of course increasing investor confidence in the company along with increasing company growth. (Abdurrafi, 2020).

The next factor that affects the effect on profitability is liquidity (Meidiyustiani, 2016). The company's short-term liabilities consist of accounts payable, short-term notes receivable, debts due in less than a year and other expenses, while short-term resources consist of cash, securities, accounts receivable, and inventory. companies are faced with the problem of a trade off between liquidity and profitability factors.

The results of the calculation and development of profitability in Property and Real Estate companies listed on the Indonesia Stock Exchange, can be seen in the following figure:

Table 1. Industry Average Profitability of Property and Real Estate Sub-Sector Companies 2020-2021

CODE	YEARS	
	2020	2021
APLN	0,01	0,02
ASRI	0,05	0,01
BEST	-0,02	-0,01
BSDE	0,8	0,03
CTRA	3,49	5,13
DART	0,06	0,06
DILD	0,01	0,01
EMDE	0,02	0,28
GMTD	-0,11	-0,03
GPRA	0,02	0,03
JRPT	0,09	0,07
LPKR	-0,19	-0,03
MDLN	-0,12	-2,89
MKPI	3,03	4,06
MTLA	0,05	0,06
Average	0,48	0,45

Source: IDX (2022)

Based on table 1 shows that in 2020 the average ROA turnover in the company is not good, namely experiencing a decrease of 0.3. This shows that there are problems with the company's ability to generate profits. This is thought to be caused by company growth that does not show an increase, another cause is thought to be caused by the company's inability to fulfill all of its short-term obligations or debts.

The results of research conducted by Andayani et al., (2020) the company growth variable has an influence on profitability. Meanwhile, according to (Fauziah & Sudiyatno, 2020) company growth has a negative and insignificant effect on profitability. The results of research conducted by Agus Wibowo & Sri Wartini (2013) state that liquidity has no effect on profitability. Meanwhile, according to Prasetyo & Darmayanti (2015), liquidity has a significant positive effect on profitability.

From the background described, the authors are interested in conducting research "Analysis of Company Growth and Liquidity on Profitability (financial studies in the property and real estate sub-sectors listed on the IDX)". The purpose of this study is to determine company growth, company liquidity, and profitability in the property and real estate sub-sector listed on the IDX for the period 2019 - 2021.

MATERIAL AND METHOD

The research methods used in this study are associative and descriptive methods with a quantitative approach. The population in this study is the property and real estate sub-sector listed on the IDX for the period 2019 - 2021, with the number of samples used in the study, namely 20 manufacturing companies. The data collection techniques used in this research are documentation and literature study. The data analysis techniques used in this study are Descriptive Statistical Techniques, Multiple Correlation Coefficients, Coefficient of Determination, Simultaneous Test, Multiple Linear Regression, and Hypothesis Testing.

RESULT AND DISCUSSION

Simultaneous Test (F) is used to determine the independent variables simultaneously or together have a significant effect on the dependent variable. The value of Fcount is compared to the Ftable value. Ftable is sought in the table listed in the attachment based on $dk = (n-k-1)$ and the error rate set at 5%, the test criteria with the F test are as follows:

1. If $F_{count} \geq F_{table}$ then H_1 is accepted and H_0 is rejected.
2. If $F_{count} < F_{table}$ then H_1 is rejected and H_0 is accepted.

The results of the F test can be seen in the table as follows:

Table 2. Test Results f (Simultaneous)

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.606	2	2.803	6.144	.002 ^b
Residual	139.665	57	2.450		
Total	145.271	59			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Liquidity, Company growth

Source: Data that has been processed using IBM SPSS 26

The table above shows a significance value of 0.002 and an Fcount value of 6.144 with a numerator df of 2 and a denominator df (60-2-1) of 57 and the Ftable value of 3.158 can be found. From these results, it shows that the Fcount value is $6.144 > F_{table} 3.158$ with a significance value of $0.002 < 0.05$, then H_1 is accepted and H_0 is rejected. It means that company growth and liquidity affect profitability.

The H1 and H0 acceptance area curves are as follows:

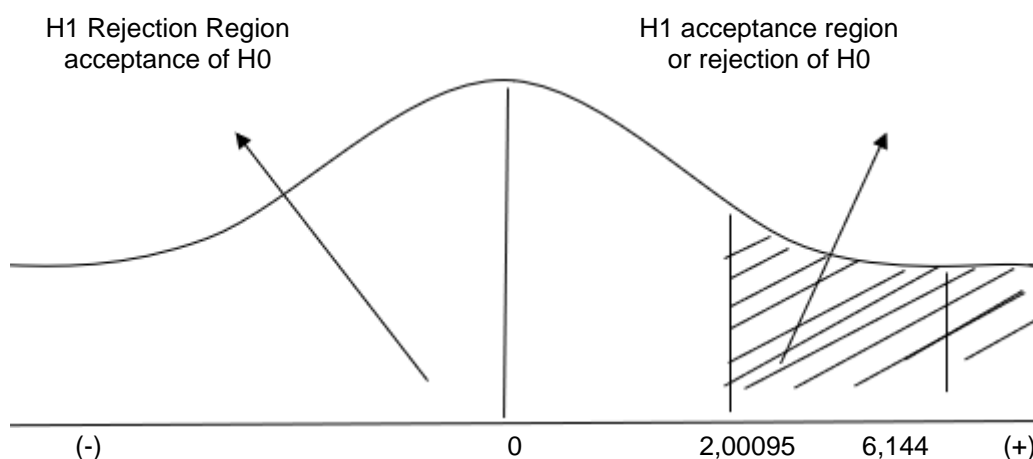


Figure 1. F Test Result Curve

Source: Results of Questionnaire Data Processing, 2023

Aims to determine the strength of each independent variable on the dependent variable. In this study to find out how much strength Company growth, liquidity partially affects profitability.

Hypothesis testing criteria with the t test are as follows:

1. If $t_{count} < t_{table}$, then H_0 is accepted and H_a is rejected (no significant effect)
2. If $t_{count} > t_{table}$, then H_a is accepted, and H_0 is rejected (significant effect)

The t test results can be seen in the table as follows:

Table 3. Test Results t (Partial)

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.670	.300		2.232	.030
Company growth	.667	.534	-.164	2.248	.006
Liquidity	.091	.089	-.133	2.018	.007

a. Dependent Variable: Profitability

Source: Data that has been processed using IBM SPSS 26

Based on the t test table that has been carried out with the testing criteria for the significant level $\alpha = 0.05$, $df = n-1$, then $df = 60-1 = 59$, so that the t table is 2.000995.

Table 2 shows the tcount of the company growth variable (X1) of $2.248 > 2.000995$, so H_0 is rejected and H_a is accepted. It can be seen that company growth has a significant effect on profitability. So it can be seen that company growth affects profitability in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The H1 and H0 acceptance area curves are as follows:

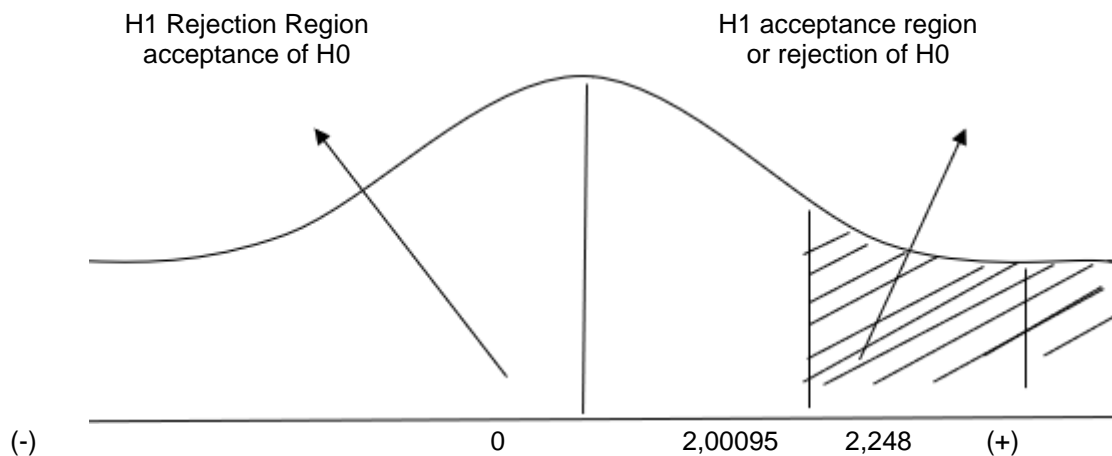


Figure 2. T-test Results Curve Company growth on Profitability

Source: Results of Questionnaire Data Processing, 2023

Furthermore, the tcount of the Liquidity variable (X2) is $2.018 > 2.000995$, so H_0 is rejected and H_a is accepted. It can be seen that Liquidity has a significant effect on Profitability. So it can be seen that Liquidity affects Profitability in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The H_1 and H_0 acceptance area curves are as follows:

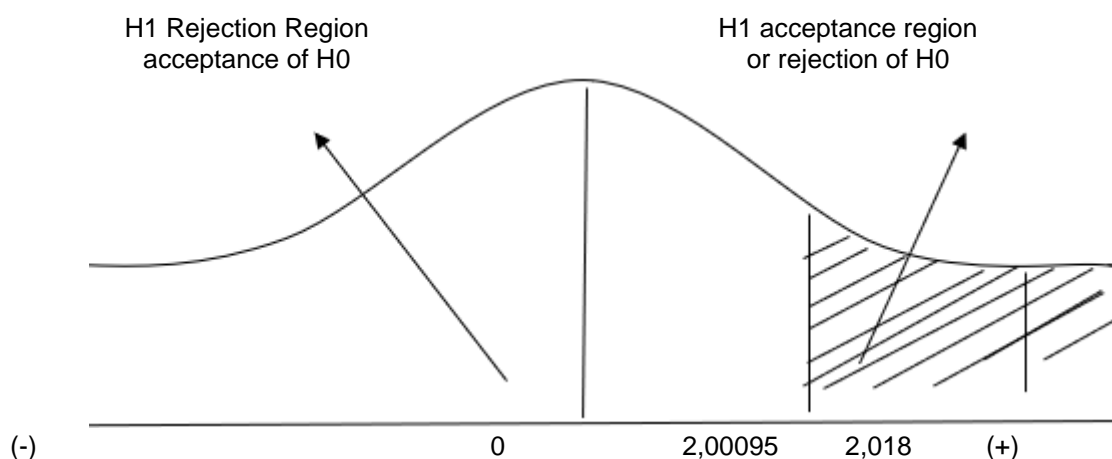


Figure 3. Liquidity t-test Results Curve on Profitability

Source: Results of Questionnaire Data Processing, 2023

Based on the results of statistical tests, the tcount of the company growth variable (X1) is $2.248 > 2.000995$, so H_0 is rejected and H_a is accepted. It can be seen that company growth has a significant effect on profitability. So it can be seen that company growth affects profitability in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. Company growth is a change (increase or decrease) in total assets owned by the company. Companies that have an increasing growth rate every year indicate that the company is progressing or is experiencing development from time to time. For companies with increasing growth, it will be more flexible in carrying out all company activities such as increasing sales and of course increasing investor confidence in the company along with increasing company growth. (Abdurrafi, 2020). In line with research by Andayani et al., (2020) shows that the company growth variable has an influence on profitability.

Based on the results of statistical tests, the tcount of the Liquidity variable (X2) is $2.018 > 2.000995$, so H_0 is rejected and H_a is accepted. It can be seen that Liquidity has a significant effect on Profitability. So it can be seen that Liquidity affects Profitability in property and real estate sub-sector

companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The company's liquidity is obtained by comparing short-term (current) liabilities with short-term resources. The company's short-term liabilities consist of accounts payable, short-term notes receivable, debts due in less than a year and other expenses, while short-term resources consist of cash, securities, accounts receivable, and inventory. Companies are faced with the problem of a trade off between liquidity and profitability factors. In line with Meidiyustiani (2016), the results of this study indicate that liquidity (Current Ratio) has a significant positive effect on profitability. In addition, Prasetyo & Darmayanti (2015) state that liquidity has a significant positive effect on profitability.

CONCLUSIONS AND SUGGESTIONS

Based on the discussion and analysis results of the research, it can be concluded as follows:

1. The description of company growth in the Property and Real Estate Sub-Sector listed on the Indonesia Stock Exchange mostly experienced company growth due to total assets in the last year increasing in 17 companies out of a total of 20 companies. Liquidity is said to be in a bad condition because if the company does not have enough cash or other current assets that can be sold quickly to cover its financial obligations. Profitability is said to be in a bad condition because if the company does not earn enough profit or even loses money.
2. Company growth affects profitability in Property and Real Estate Sub-Sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. This is indicated by t count greater than t table.
3. Liquidity affects profitability in Property and Real Estate Sub-Sector companies listed on the Indonesia Stock Exchange for the 2019-2021 period. This is indicated by t count greater than t table.

Based on the results of the research, discussion and conclusions above, the researcher provides the following suggestions:

1. Practical Advice
 - a. For the Company

The company must further maximize company growth, liquidity so that the company's profitability can be better in the next period. The company must maintain and improve its performance so that the company can compete well.
 - b. For Investors

Before investing in a company, investors must be able to better understand the movement of financial performance in the company. Understand the various risks and benefits that are obtained when investing in a company.
2. Suggestions for Further Research, researchers realize that in this study there are still many shortcomings, as for suggestions for future research to be able to conduct research in other sectors so that they can compare the results of previous research. In addition, variable development also needs to be done to find out other factors that affect profitability.

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