



PROFITABILITY, LEVERAGE, SALES GROWTH AND THEIR IMPLICATIONS FOR PROFIT MANAGEMENT

Aniek Murniati

ITB Asia Malang, Jalan SoekarnoHatta - Rembuksari 1A, Malang
Surel : Aniek051078@gmail.com

Abstract. Profitability, Leverage, Sales Growth And Their Implications For Profit Management . This study looked at the impact of profitability, leverage, and sales growth on profit management practices in mining sub-sector companies on the Indonesia Stock Exchange in the 2018-2020 period. A total of 30 companies were selected by the purposive sampling method, and hypothesis testing was carried out by multiple regression analysis. Profit management is a strategy used by managers to improve the performance of a company. One of the factors that motivate profit management practices is the stability of profitability. The results showed that profitability, leverage, and sales growth had an effect on profit management practices in mining sub-sector companies for the 2018-2020 period.

Keywords: Profitability, Sales Growth, Leverage, Profit Management.

Abstrak. Profitabilitas, Leverage, Pertumbuhan Penjualan Dan Implikasinya Terhadap Manajemen Laba. Studi ini melihat dampak profitabilitas, leverage, dan pertumbuhan penjualan terhadap praktik manajemen laba pada perusahaan subsektor pertambangan di Bursa Efek Indonesia pada periode 2018-2020. Sebanyak 30 perusahaan dipilih dengan metode purposive sampling, dan pengujian hipotesis dilakukan dengan analisis regresi berganda. Manajemen laba adalah strategi yang digunakan oleh manajer untuk meningkatkan kinerja suatu perusahaan. Salah satu faktor yang memotivasi praktik manajemen laba adalah stabilitas profitabilitas. Hasil penelitian menunjukkan bahwa profitabilitas, leverage, dan pertumbuhan penjualan berpengaruh terhadap praktik manajemen laba pada perusahaan subsektor pertambangan periode 2018-2020.

Kata Kunci: Profitabilitas, Pertumbuhan Penjualan, Retribusi, Manajemen Laba.

INTRODUCTION

The rapid development of information technology encourages companies to present accurate financial information to support strategic and tactical decision making. One of the important information in evaluating the company's performance is profit, which is the main goal of the company's operations. However, profits can be manipulated by management to look better, so it is

necessary to be aware of them. This practice of profit manipulation is called profit management, which is often done by choosing certain accounting policies that can increase profits. (Selviani, 2017; Ningsih, 2019; Anindiya, 2020; Wiranti, 2020).

Profit manipulation is carried out in accordance with the interests of the company's management. Profit information is a benchmark in assessing the company's performance, as well as the responsibility of

management in decision making. (Hery, 2016; Mustika, Handayani, 2017).

Profitability allegedly affects the company's profit management practices. Profitability reflects the achievement of the results of all revenues and expenses in one period (Henry, 2018; Mustika, Handayani, 2017) as well as the company's ability to profit from sales, assets, and others (Henry, 2018; Mustika, Handayani, 2017). This study uses sales growth to evaluate a company's sales performance by comparing total sales as a whole (Kasmir, 2016; Sembiring, 2015; Ningsih, 2019; Fahmi, 2018). Increased sales growth indicates the company's increasingly good ability to make a profit, so it can be considered as one of the factors influencing profit management practices.

Previous research has shown that leverage, sales, and profitability have an influence on profit management (Yuyeta & Anindya, 2020; Khasanan, 2015). Leverage, which measures how much a company's assets are financed through debt, is measured by the amount of debt a company uses to finance its business activities (Kasmir, 2017). In addition, sales growth has also been shown to have an effect on profit management (Kasmir, 2016; Sembiring, 2015; Ningsih, 2019; Fahmi, 2018). In this context, profitability is also considered an important factor influencing profit management (Henry, 2018; Mustika & Handayani, 2017). Therefore, these three factors (leverage, sales growth, and profitability) should be considered simultaneously in understanding profit management practices in an enterprise.

THEORY REVIEW

This research uses signal theory as the basis for its theoretical review, because signal theory can

provide a comprehensive picture of the behavior of company managers when managing companies entrusted by the owner. This information is very important because it can influence investors' decisions in making their investments. Investment decisions by investors always depend on the profit information presented by the company's managers, and therefore understanding the behavior of company managers becomes very important.

The conflict of interests between managers and investors often occurs because each party has a different interest in obtaining the profit generated by the company (Wulandari, 2014; Djamaludin, 2018; Anindya, 2020). The problem arises when investors do not have enough information about the manager's performance in managing the company, making it difficult for investors to know how much the manager contributes to the company. This puts investors in an unbalanced position in terms of information, where managers have more information regarding the achievement of company results than investors (Wulandari, 2014; Djamaludin, 2018; Anindya, 2020).

In practice, such differences in interests and asymmetry of information encourage managers to think of ways to acquire their interests. One example is by changing financial statements or manipulating the information provided to investors, so that managers can make greater profits without regard to the interests of investors.

For example, the information asymmetry that occurs is usually related to information regarding the company's profitability, Return on Assets (ROA), Sales Growth, and Leverage. Such information can influence investors' decisions in making investments, so if managers manipulate the information, then

investors' investment decisions can be inaccurate or even detrimental. Therefore, transparency and honesty from company managers are needed in presenting information about the company's performance, so that investors can make appropriate and fair investment decisions.

Profitability is often thought to influence a manager to perform profit management. This happens because profitability provides an overview of the company's ability to make a profit (Pirmatua, 2017; Wiranti, 2020; Khasanah, 2015; Hery, 2016). When managers face pressure to maintain or increase the profitability of the company, they may perform various actions, including performing profit management. This action is carried out with the aim of showing good performance and improving the company's image in the eyes of investors.

Return on Assets (ROA) is an indicator used to assess a company's ability to make a profit from its assets (Sujarweni, 2017). ROA calculates the ratio between net profit and total assets of the company. The higher the ROA ratio, the better the company's ability to make a profit.

Sales growth is an indicator used in this study to determine the number of sales made by companies in one period of the financial year (Savitri, 2014). Sales growth can also be used to measure a company's performance in increasing sales and generating higher revenue. If the company's sales growth is increasing year by year, then this indicates that the company is growing and developing well.

Leverage, or the ratio of total liabilities to total assets, is an indicator that shows the degree of dependence of the company on the source of funds derived from debt (Budiman, 2016). The higher the leverage ratio, the higher the risk faced by the company in the event of economic or financial

fluctuations. Therefore, companies need to pay attention to their level of leverage and strive to minimize the risks encountered.

RESEARCH METHODS

This research uses a quantitative approach with a casual associative research method that aims to determine the cause-and-effect relationship between variables. The purpose of this study is to investigate the effect of Profitability, Sales Growth, and Leverage on Profit Management in Mining Sub-Sector companies listed on the Indonesia Stock Exchange during the 2018-2020 period. The data collection method used is the study of documents by collecting data from financial statements and important records of the company. In addition, to test the hypothesis, researchers will use a variety of precise and valid data analysis techniques such as linear regression to clarify the relationships between variables. The researcher will also conduct a test of the validity and reliability of the data to ensure the quality of the data used in the study.

This study will use a population of 26 mining companies listed on the Indonesia Stock Exchange during the period 2018-2020. From this population, researchers will use the purposive sampling method to select samples of 10 Mining Sub-Sector companies that meet the criteria for the sample selection procedure. Sample selection is carried out carefully and meticulously to ensure that the selected sample is representative of the population and can produce valid and reliable research results. The purposive sampling method was chosen because researchers want to ensure that the samples taken have characteristics that are relevant to the purpose of the study and can provide useful information.

This study uses quantitative data consisting of company financial statements. The data used in this study is secondary data from the Indonesia Stock Exchange in the 2018-2020 period. To analyze the data obtained, the researcher will use various data analysis techniques that are in accordance with the research objectives, such as multiple linear regression analysis and hypothesis test using the t test and the F test. In addition, the researcher will also conduct classical assumption tests, such as data normality tests, multicollinearity tests, and heteroskedasticity tests to ensure the validity and reliability of the data analysis results obtained.

1. This study will use multiple linear analysis techniques to test the influence of three independent variables, namely Profitability,

Sales Growth, and Leverage on Profit Management on Mining sub-sector companies listed on the Indonesia Stock Exchange during the 2018-2020 period. Multiple linear analysis is used to evaluate the relationship between several independent variables to one dependent variable, and provides a more comprehensive understanding of the influence of those variables on the final result. The data used in this study is quantitative data from the financial statements of mining sub-sector companies obtained from the Indonesia Stock Exchange during the 2018-2020 period. Hypothesis testing will be carried out to determine the significance of the influence of independent variables on dependent variables, so that the research results become more valid and reliable.

Description: Y = Profit Management
 α = Constants

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

b_1 b_2 b_3 b_4 = CoefficientRegression
 X_1 = Profitability
 X_2 = Sales Growth
 X_3 = Leverage
 e = error (residue)

2. In this study, to test the correlation of determination over more than one independent variable, Adjusted R. Square was used. Adjusted R. Square is one of the commonly used statistical analysis techniques in multiple linear regression to determine how much variability of dependent variables can be explained by the independent variables used in models. Using this technique, researchers can evaluate how accurate the multiple linear regression model used in the study is. This Adjusted R. Square technique will help researchers to draw more accurate conclusions

about how much influence independent variables have on dependent variables in this study.

3. This study used Statistical Test F (Test F) to test the feasibility of the model. The F test was conducted to test the overall significance of the influence of independent variables on dependent variables in the multiple linear regression model used in this study. The results of Test F will determine whether or not the multiple linear regression model used is feasible in analyzing the influence of independent variables on dependent variables.

RESEARCH RESULTS

1. Research Results

A. Descriptive Statistical Analysis

Following this is the result of the Descriptive Statistical analysis:

Statistik Deskriptif					
	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas	30	3,64	77,32	20,6105	14,89469
Pertumbuhan Penjualan	30	1,02	31,26	12,1860	6,73620
Leverage	30	,10	1,46	,4220	,24569
Manajemen Laba	30	-2,35	,55	-,6253	,59620
Valid N (listwise)	30				

Sumber: data diolah 2022

Based on the results of the study, the average profitability of mining sub-sector companies was obtained at 20.6105. This condition indicates a fairly large value of profitability, corresponding to the standard by 15%. In addition, the average value of profitability that does not vary indicates the company's ability to generate an after-tax profit of 20.6105 from every IDR 1 of income. These results show the good financial performance of the mining sub-sector companies that are the subject of the study.

Meanwhile, the results showed that the sales growth variable had a value of 12.1860. This value shows that sales growth in the mining sub-sector sector is quite good and has a positive trend until 2020. As for the Leverage variable, a value of 0.4220 was obtained with a standard deviation of 0.24569. From these results, it can be concluded that the leverage of mining sub-sector companies does not have significant variations. In addition, the sales

growth value of 0.4220 also gives an idea that the amount of Leverage ranges from 1.46 to 0.10. However, the average Leverage that is smaller than the standard deviation of 1.46 < 0.10 indicates that the spread of the Leverage value is not very good.

The Profit Management variable gives a value of 0.6253 with a smaller standard deviation of 0.59620. This can be interpreted to mean that Profit Management in mining sub-sector companies does not vary. With an average sales growth of 0.6253, it can be estimated that Profit Management ranges from 0.235 to 0.55. However, because the mean is smaller than the standard deviation (0.235 < 0.55), this indicates that the distribution of Profit Management values is not good.

B. Regression Analysis Results

To test the normality of the data, this study used one Sample Kolmogorov-Smirnov. From the tests, the following results were obtained:

<i>One-Sample Kolmogorov-Smirnov Test</i>		
		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,53557372
Most Extreme Differences	Absolute	,173
	Positive	,173
	Negative	-,109
Test Statistic		,173
Asymp. Sig. (2-tailed)		,023 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Sumber : Lampiran 5, Diolah 2022

To find out whether the data in this study were normally distributed, a normality test was carried out using one Kolmogorov-Smirnov sample. Based on the test results, a statistical kolmogorov-test value of 0.173 was obtained with a significance level of $0.23 > 0.05$. From this it follows that the data in this study are normally distributed.

The following are the results of the calculation of the multicollinearity test.

Tabel 3
Uji Multikolinieritas
Variance Inflation Factor (VIF)

Model	Collinearity Statistics		Keterangan
	Tolerance	VIF	
Profitabilitas	,505	1,466	Tidak terjadi Multikolinieris
Pertumbuhan Penjualan		1.539	Tidak terjadi Multikolinieritas
Leverage	.765	1.047	Tidak terjadi multikolinieris

Sumber : Lampiran 7, Diolah 2022

Tabel 4.7 indicates that the value of the VIF is < 10 so that multicollinearity does not occur. Based on *durbin-watson* value 0.334. It can be known that $-2 < 1.226 < 2$ then no autocorrelation occurs.

Tabel 4
Uji Regresi Linear Berganda

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,066	,311		,214	,832
	Profitabilitas	,009	,011	,217	,785	,439
	Pertumbuhan Penjualan	-,049	,025	-,552	-1,968	,060
	Leverage	-,652	,438	-,269	-1,491	,148

a. Dependent Variable: Manajemen Laba

Sumber: Lampiran 10 diolah, 2022

Tabel 4.10 multiple linear equation as follows:

Profit Management = $066 - 009 \text{ Profitability} + -049 \text{ Sales Growth} - .652 \text{ Leverage} + 0.311e$

C. Coefficient of Determination Test (R^2)
Here is the result of the coefficient of determination (R^2):

Tabel 4.11
Uji Koefisien Determinasi (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,439 ^a	,193	,100	,56563

a. Predictors: (Constant), Leverage, Profitabilitas, Pertumbuhan Penjualan

b. Dependent Variable: Manajemen Laba

Sumber : Lampiran 10, Diolah 2022

Tabel 4.11 obtained the number R^2 by 0.100 or 100%. This shows that,

profitability, Sales Growth, and *Leverage* have no effect on Profit Management by 100%.

D. Hypothesis Test

The value of *t* is obtained in the *output* part of the regression coefficient as follows :

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	,066	,311		,214	,832
Profitabilitas	,009	,011	,217	,785	,439
Pertumbuhan Penjualan	-,049	,025	-,552	-1,968	,060
Leverage	-,652	,438	-,269	-1,491	,148

a. Dependent Variable: Manajemen Laba Sumber:

b. Lampiran 10 diolah, 2022.

In Table 4.12, a Hypothesis Test is carried out to determine the influence of each Independent Variable on the Dependent Variable as follows:

- Variable Profitability: The test results show that the significance level of the Profitability Variable is 0.439, which means that the value is greater than the alpha level or 0.05. Therefore, it can be concluded that Profitability has no significant influence on Profit Management or the hypothesis is rejected.
- Sales Growth Variable: The test results show that the significance level of the Sales Growth Variable is 0.060, which is also greater than the alpha level or 0.05. This suggests that Sales Growth has no significant effect on Profit Management or the hypothesis is rejected.
- Variable Leverage: The test results show that the significance level of the Variable Leverage is 0.148, which is also greater than the alpha level or 0.05. Therefore, it can be concluded that Leverage has no significant influence on Profit Management or the hypothesis is rejected.

On the effect of Profitability on Profit Management, a value of 0.439 was obtained which is greater than the significance level of 0.05. This shows that profitability has no significant effect on Profit Management. The cause of this result may be an improvement in the company's performance which can be reflected in the high profitability value. Good performance in the company usually indicates that the company has made a good profit and it can be distributed to all shareholders. Therefore, company managers are less likely to carry out profit management on these conditions.

The results of this study are in line with research conducted by Muhammad Ary Irsyad (2008), Amalia (2016), and Agustina and Suryani (2018) which stated that profitability does not have a significant effect on Profit Management. However, the results of this study are different from the research conducted by Shirzad, Mohammadi, and Haghigi (2015) which concluded that Profitability negatively affects Profit Management.

The effect of Leverage on Profit Management can be explained as follows. From the test results, a Leverage value of 0.148 was obtained

with a significance level of > 0.05 , which indicates that Leverage has no significant effect on Profit Management. This shows that companies that have high leverage do not tend to do profit management significantly, because there are limitations in manipulating profits in companies with large debt obligations.

The results of this study support the findings of several previous studies such as those conducted by Sosiawan (2012), Astri Linasmia (2016), Septriarti et.al (2018), and Kurniawati (2018) which also stated that Leverage has no effect on Profit Management. However, this study does not support the research conducted by Utari and Sari (2016) which states that Leverage has a significant effect on Profit Management. Therefore, more research is needed to clarify the differences in such findings and explore other factors influencing the effect of Leverage on Profit Management.

CONCLUSIONS AND SUGGESTIONS

Conclusion

After conducting research, it was concluded that based on the significance value obtained, independent variables namely profitability, sales growth, and leverage did not have a significant influence on profit management. Thus, it can be concluded that profit management in mining sub-sector companies is not influenced by these factors. This is in line with several previous studies that have also stated that profitability, sales growth, and leverage have no significant influence on profit management in the same sector. However, it should be noted that there are other studies that state otherwise. Therefore, further research can be carried out to re-examine the influence of these factors on profit

management in mining sub-sector companies.

Suggestion

The suggestion that can be conveyed to the next research is that the samples used in the next research should be expanded again not only using coal mining sub-sector companies, so that the research results can be generalized, for example, such as mining companies as a whole, as well as service companies, financial sector and so on.

BIBLIOGRAPHY

- Andriawan, Y. & Wijaya, N., 2019. Pengaruh Tata Kelola Perusahaan, Karakteristik Perusahaan dan Faktor-Faktor Lain Terhadap Manajemen Laba. Perbanas.
- Anindya, Wina 2020. Pengaruh Leverage, Pertumbuhan Penjualan dan Profitabilitas terhadap manajemen laba
- Bahri, Syaiful. 2018. Metodologi Penelitian Bisnis Lengkap dengan Teknik Manajemen Data SPSS. Penerbit Andi, Yogyakarta
- Dwiarti, R. & Hasibuan, A. N., 2019. Pengaruh Profitabilitas, Leverage dan Pertumbuhan Perusahaan terhadap Manajemen Laba pada Perusahaan Kosmetik dan Rumah Tangga yang Terdaftar di BEI 2013 - 2017. Jurnal Manajemen dan Keuangan, Volume 8.
- Fahmi, Arief 2018. Pengaruh Profitabilitas, Leverage, struktur kepemilikan, pertumbuhan penjualan, Komisaris independen pada manajemen laba.
- Fionita, yola. Pengaruh kepemilikan Institusional, Komisaris, Independen, Komite Audit, Pertumbuhan Penjualan dan

- Leverage terhadap manajemen laba.
- Ghozali, I., 2018. Aplikasi Analisis Multivariat dengan Program IBM SPSS. Semarang: Badan Penerbitan Universitas Diponegoro.
- Khasanah, Apriliani 2015. Pengaruh Leverage, pertumbuhan perusahaan Audit tenure, Opini Audit dan Profitabilitas Pada Manajemen Laba.
- Kristen, L. & Herawaty, V., 2019. Pengaruh kepemilikan manajerial, komite audit, leverage, profitabilitas dan usia perusahaan terhadap nilai perusahaan dengan manajemen laba sebagai variabel moderasi. Seminar Nasional Cendekiawan.
- Kristen, L. & Herawaty, V., 2019. Pengaruh kepemilikan manajerial, komite audit, leverage, profitabilitas dan usia perusahaan terhadap nilai perusahaan dengan manajemen laba sebagai variabel moderasi. Seminar Nasional Cendekiawan.
- Muniroh, M., & Klaudia, S. (2022). Pengaruh Struktur Modal Dan Ekuitas Perusahaan Terhadap Profitabilitas Pada Perusahaan Real Estate And Construction Yang Terdaftar Di Bursa Efek Indonesia. *Wacana Equilibrium (Jurnal Pemikiran Penelitian Ekonomi)*, 10(02), 118-126. <https://doi.org/10.31102/equilibrium.10.02.55-63>
- Ningsih, 2019. Efek dari profitabilitas. Risiko Keuangan Dan Pertumbuhan Perusahaan Terhadap Manajemen Laba
- Sembiring, Vestry Astra. 2015. Pengaruh Audit Tenure, Auditor Independence, Debt Ratio dan Sales Growth terhadap Discretionary Accruals Profit Management terhadap Perusahaan Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia. Universitas Sumatera Utara, Medan.
- Wiranti, Susi 2020. Pengaruh leverage dan profitabilitas terhadap manajemen laba.
- Wulandari, Katarina R. 2014. Pengaruh profitabilitas, leverage, dan ukuran perusahaan terhadap manajemen laba (studi tentang perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia pada tahun 2010 - 2012). Universitas Widyatama, Bandung.