Factors Affecting Company Profit Growth During the Covid-19 Pandemic (Case Study on Plantation and Food Corps Companies Listed on the Indonesia Stock Exchange for the 2017-2020 Period)

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Abstract. The objective of this study is to determine the factor of profit growth of plantation and food corp companies listedinIndonesia Stock Exchange (IDX) for the period 2017-2020 during the Covid-19 pandemic. This sector contributes to the provision of food and economic growth today. The population of all plantation companies and food corps listed on the Indonesia Stock Exchange, with 12sample'scompanies that meet the sample criteria in this study. The dependent variable is the company's profit growth and the independent variables are Return On Assets, Net Profit Margin, and Debt Equity Ratio. The research method uses descriptive analysis, classical assumption test, and coefficient of determination test using SPSS. The calculation results state that partially NPM has a significant effect on revenue growth, while ROA and DER have no significant effect on company profit growth.

Keywords: Covid-19, Profit Growth, Return On Assets, Net Profit Margin, Debt Equity Ratio

1 Introduction

Business competition in the era of globalization makes companies to continue to strive to maintain and improve financial capabilities. So it is hoped that the increase in financial capacity can help the company with the aim of maintaining and improving the viability of the company. This condition is expected to spur management to continuously improve the company's financial condition. Many companies are continuously trying to improve their financial condition, one of which is by becoming a public company and listed on the Indonesian stock exchange.

Along with current economic developments and conditions, where the world has been affected by the Covid-19 pandemic, the country of Indonesia has also been affected by the virus. This was revealed by the University of Indonesia (UI) Epidemiologist Pandu Riono [1] stated that the SARS-CoV-2 type of corona virus as the cause of Covid-19 had entered Indonesia since early January 2020. The Financial Services Authority (OJK) provided information that many issuers experienced a decline in profits in the first quarter of 2020, namely 475 issuers or equivalent to 57.75% of all listed issuers. [2]

One of the sectors on the Indonesia Stock Exchange that may be affected by Covid-19 is a company engaged in plantations and food crops. This sector is a sector that indirectly helps the government in providing food in Indonesia. As Chairman of Kadin Rosan P. Roeslani in the virtual event of the Jakarta Food Security Summit-5 said that during the Covid-19 pandemic the

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food crop sector if managed in an integrated manner could contribute to the provision of food to national economic development and become a source of income for the majority of the Indonesian population. This is also in line with the National Economic Recovery Program launched by the government which aims to strengthen the economy of farmers, the wheels of the economy are expected to turn back and become a driver of economic growth, this was revealed by Abidin [3]

Therefore, the plantation and food crops sector is necessary to maintain the company's profit growth, because the company's current sustainability contributes to the economy of the Indonesian people.

The growth of company profits from time to time is certainly an important note for investors, where these records provide information about the ups and downs of existing company profits. With the increase in profit, it is expected that the company's financial condition will also improve. Therefore, companies need to predict profit growth for the company's sustainability in the future. The purpose of this study is to examine the effect of Return On Assets (ROA), Net Profit Margin (NPM), and Debt Equity Ratio (DER) on Profit Growth of Plantation and Food Corps Companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period both partially or simultaneously. So the researcher assumes that ROA, NPM, and DER have a significant influence, either partially or simultaneously.

2 Literature Review

The company's financial condition may be used to determine the profit condition of company, one of which is by looking at the company's financial information through the profitability ratio which is a ratio to measure the amount of profit earned by the company. According to [4] the profitability ratio is a ratio that can be used to measure the ability of company to seek and increase company profits. One of the ratios in the profitability ratio that can help show the rate of return on the use of company assets is Return On Assets or ROA. [5] revealed that the utilization of all assets/assets which tells the ability of company to generate net profit after tax, can be done by assessing ROA. This is also stated by [6] the advantages of Return on Assets (ROA) are that it is relatively easy to understand and calculate, the ROA ratio is used by entity management in assessing performance. Its own management to generate high profits by utilizing low assets. [7] ROA is a measuring tool that can be used to assess the level of effectiveness of a company in generating net income through available assets (assets). This can be done by assessing ROA.

Net Profit Margin (NPM) is also a profitability ratio to measure profit growth, where this ratiocalculates the net after-tax percentage of income earned from sales.According to [8] the ratio used to measure profit compared to sales is NPM. It is possible for NPM to be a big hope for investors in investing their capital in the company. According to [9] an increase in NPM can provide an illustration of an increase in the company's net profit. the higher the NPM, the higher the company's profit growth [10].

In addition to profitability, profit growth can also be seen from the condition of its capital structure. This is because the capital structure is a condition where this ratio can provide information about the company's operational funding originating from the specified equity and long-term debt by the company with its composition and proportion. The condition of the capital structure is expected to provide information about ability of company to manage its capital and debt as an efficiency effort to increase company profits [11].In [12] DER is expected to be able to provide information and estimates of how much own capital is needed to fulfill its obligations.According to [4] DERmean**s** the financial ratio used to evaluate debt of company to equity, which is used to determine the total funds given to the owner of the company by the borrower (creditor). In other words, how much is the value of each rupiah of the company's capital used as debt security. According [13]capital structure means a combination of debt and equity used to finance company projects. The company's capital structure is a mix of new equity, internally generated equity, and debt. [14]capital structure is the combination of long-term sources of funds used by the company.

3 Methodology and Data Analysis

Secondary data is the data's type in this study.

3.1. Population, Sample and Sampling Technique

All companies in the plantation and food crops sector listed on the Indonesia Stock Exchange, totaling 26 companies, are the population in this study. According to [15] the part of the population that has the same characteristics is called a sample. Technique of sampling used is purposive sampling technique, namely the sample to be used is one that meets certain criteria. As for the existing 26 companies, there are 12 companies that meet the existing criteria. The criteria for taking the sample of this research are:

1. Companies in the food crops and plantation sectors listed on the Indonesia Stock Exchange.
2. Plantation and food crop companies that have complete financial reports for the 2017-2020 period.
3. Sample companies are companies that have complete data according to the variables in this study.

The following are the names of the companies that are sampled in this study:

Table 1. List of Company Name

No.	Company Code	Company Name	No.	Company Code	Company Name
1.	ANDI	AndiraAgroTbk.	7.	PALM	Provident AgroTbk.
2.	BISI	BISI InternasionalTbk.	8.	SGRO	SampoernaAgroTbk.
3.	BTEK	Bumi TeknokulturaUnggulTbk	9.	SIMP	Salim IvomasPratamaTbk.
4.	BWPT	Elang Tinggi Perkebunan Tbk.	10	SMAR	Smart Tbk.
5.	DSNG	Dharma Satya Nusantara Tbk.	11.	UNSP	Bakrie Sumatera Plantations Tbk.
6.	JAWA	Jaya Agra Wattie Tbk.	12.	WAPO	Wahana PronaturalTbk.

The data is secondary data documentation from various sources, namely financial data from the financial statements of food crop plantation companies listed on the Indonesia Stock Exchange for the 2017-2020 period which are accessed from the website. [16]

3.2. Definition of Operational Variables

Independent Variable (X)

Return On Assets / ROA (X_1), according to [17] ROA can be calculated by comparing net income after tax with total assets, with the following formula:

ROA = Profit after tax/Total assets ………………………………………………..…..…….(1)

Net Profit Margin / NPM (X_2),according to [18] the NPM ratio shows the results of the calculation of net income compared to sales, the formula is as follows:

NPM = Net Profit After Tax/Sales ……………………………………………………….(2)

*Equity Ratio /DER (X_3),*calculating the DER value can be done by comparing total debt with total equity [19]are as follows:
DER = Total Debt/Equity ………………………………………………………….…….(3)

Dependent Variable (Y)

Profit Growth (Y), according to [20] profit growth can be seen from the calculation which states the difference between the net profit of a certain year and the net profit of a certain previous year. The formula for obtaining profit growth is as follows:

$$\text{Profit Growth} = \frac{\text{Net Profit in year t - Net Profit in year t-1}}{\text{Net profit}_{t-1}} \times 100\% \quad \ldots\ldots\ldots\ldots (4)$$

3.3. Data Analysis

Descriptive statistics can describe the overview of research data. Explanationbrief about the sample used, not hypothesis testing. [21].

Classic Assumption Test

According [21]. classical assumption tests include:Normality test is a test used to determinewhether the variables are normally distributed or not, carried out using the Kolmogorov Smirnov One Sample test, the data is normally distributed with the condition that the significance value is above 5% or 0.05. The data is not normally distributed if the result is below 0.05.Multicollinearity test to determine the resulting regression model whether there is a relationship between the independent variables and determined by the VIF value criteria used between 1 to 10.Heteroscedasticity test is a test carried out to find out if there is discomfort in the regression model from the residual variance of one observation to another. It is called heteroscedasticity if the variances are different and if it shows an unpatterned distribution on the Y axis.Autocorrelation test states that a good regression model means a regression model that is free from autocorrelation.

Multiple Linear Regression

According to [22] Multiple Linear Regression Analysis means that regression calculations are carried out with two or more independent variables, and the dependent variable. The formula for multiple regression is:

$Y=a+b_1X_1+b_2X_2+b_3X_3$…………………………………………………………………… (5)

Information:

Y	= Profit Growth	a	= Constant
b1, b2, b3	= Regression Coefficient X_1, X_2, X_3	X_1	= ROA
X_2	= NPM	X_3	= DER

In [21]. the simultaneous test (F test) is a joint test to determine the impact of the independent variable on the dependent variable if the value of 0.05 is smaller than the calculated F value, which means Ho is rejected and Ha is accepted, and if the significance value is more smaller than 0.05 and vice versa. While the Partial Test (T Test) the results of the t-test stated information as a temporary answer to the research conducted. This provides information about the effect of the independent variable partially/individually on the dependent variable. Where the test results are declared influential if the calculated T value is greater than T table, and the significance of each independent variable is less than 0.05, then the test results are said to be Ha accepted and Ho rejected, and the significance is less than 0.05, and vice versa. And the Determination Test (R2) provides information about how much independent influence (X) is on the influencing variable (Y).

4 Research Result and Discussion

4.1. Descriptive Statistics Test Results

The results showed that the number of samples in this study amounted to 36, it is known that the ROA (X_1) has an a minimum value of -27.9877, a maximum value of 7.3277, average of -1.0079, and a standard deviation of 5.190035. NPM (X_2) has a minimum value of -1.79212, maximum value is 1.91645, average value is 0.00000, and standard deviation of 0.69463. while the DER (X_3) has a minimum value of -5.198, the maximum value is 1.606, average value is 0.000, and a standard deviation of 1000.

The results of the Normality Test, the X_1 value is 0.67, the X_2 value is 0.4, the X_3 value is 0.2 and the Y value is 0.7, so from these results it is said that all variables that have a value above 0.05 are considered distributed normal.

Multicollinearity test results, the value of VIF X_1 =3,654. X_2 =3,637, X_3 =1,281. The results of the calculation of the multicollinearity test of all variables have values between 1.00-10.00, which means that these results indicate that it may be said that there is no multicollinearity.

Autocorrelation Test**,** the results of the run test autocorrelation test stated that the sig value of 0.237 was greater than 0.05 meaning that there were no symptoms of autocorrelation, ywhich means these results indicate that this study has a good regression model (free from autocorrelation).

Heteroscedasticity test results using a scatterplot which states that the distribution is not patterned, the test's results that there is no heteroscedasticity.

The results of the Multiple Linear Regression Test obtained the calculation results as shown in Table 2:

Table 2. Multiple Linear Regression Test Results

			Coefficients			
Model		Standardized Coefficients		Standard Coefficient	T	Sig
		B	Std. Error	Beta		
1	A (Constant)	-.022	-124		-174	.863
	ROA (X1)	-.035	.053	-.029	-.657	.516
	NPM (X2)	1.221	.054	1.013	22.654	.000
	DER(X3)	.128	.297	.011	.431	.669
A. Dependent Variable: PROFIT GROWTH (Y)						

Based on the results of existing calculations then:

Y = -0.022 -0.035X1 + 1.221X2 + 0.128X3

These results show that:

1. The constant value is -0.022, which means that there is one unit change in the Y variable (profit growth) which will decrease by 0.022 with the assumption that other variables (ROA, NPM, DER) are considered constant.

2. The ROA (X_1) value of -0.35 states that if the ROA (X1) variable is increased by one unit, the Y variable (Profit Growth) will decrease by 0.35 assuming other variables are held constant.
3. The NPM (X_2) value of 1.221 states that if the NPM (X2) variable is increased by one unit, the Y variable (Profit Growth) will increase by 122.1% assuming other variables are held constant.
4. The DER (X_3) value of 0.128 states that if the DER (X3) variable is increased by one unit, the Y variable (profit growth) will decrease by 12.8% assuming other variables are constant.

The results of the Partial Test (T test) in table 1 obtained the following results:

1. Profitability value (ROA/X1) is 0.516 and capital structure value (DER/X3) is 0.669, which means X1 and X3 are greater than 0.05 which states ROA (X1) and DER (X2) partially have no effect on growth profit. Profitability value (ROA/X_1) is significant 0.516 > 0.05 meaning ROA has no effect on profit growth.
2. Profitability value (NPM/X_2) significance 0.000 <0.05, meaning that NPM has an effect on profit growth.

The results of the Simultaneous Test (Test F) in table 3 show that the simultaneous test is 0.000 <0.05, meaning that there is an effect of Variable X (ROA, NPM, DER) on profit growth (Y).

Table 3. Simultaneous Test Results

ANOVA						
Model		Number of Squares	df	Square Average	F	Sign
1	Regression	942.892	3	314,297	595.545	.000 b
	Remainder	16,888	32	.528		
	Total	959,780	35			
A. Dependent Variable: PROFIT GROWTH						
B. Predictors: (Constant), DER, NPM, ROA						

Data processed, 2021

The result of the Determination Test (R2) is 0.982, which means that the variable X in the form of ROA, NPM, and DER has an effect on the y variable on profit growth of 98%. the difference may be other variables not included in this study.

4.2 Discussion

The effect of Return on Assets (ROA) on Profit Growth in the calculation results states that there is no significant effect of ROA on Profit Growth. This provides information that for Plantation and Food Crop companies during the Covid-19 pandemic, the number of assets owned by the company does not affect the profits of company. In line with the research of [23] that ROA has no effect on the company's profit growth, it is not in line with [5] which states that company assets can be used by companies to generate net income after tax, as well as the opinion of [7] that ROA is used to assess the level of company's effectiveness in generating net income through available assets, also not in line with [4] that ROA can help show the rate of return on the use of company assets (profit). The study's results indicate that the amount of assets cannot be utilized optimally so that the sales made do not have an effect on the profit growth of company during this Covid-19 pandemic.

The effect of Net Profit Margin (NPM) on Profit Growth in the calculation results show that there is a significant influence on the company's profit growth. This high value provides information on the ability of company to generate profits at a certain sales stage. [17] that NPM is a ratio that is expected to increase by investors. In line with [9] increased profit growth can indicate an increase in company sales. This result is different from the research result of [10]. NPM has no significant effect on Profit Change.

The effect of DER on Profit Growth DER on the calculation analysis's results shows that DER (X_3) has no effect on profit growth company during the Covid-19 pandemic. A higher DER allows lower profit growth, where the capital structure listed in the DER indicates that equity ownership is smaller than debt. [13] capital structure means a combination of debt and equity used to finance the company's projects, while debt will make the company tied to debtors to pay off its debts. If debt is greater than own capital, profits will decrease. In line with [10] which states that DER has no significant effect on profit growth. However, it is not in line with [24] where DER has an effect on profit growth. Then [11]. that the condition of the capital structure is expected to provide information about the company's ability to manage capital and debt as an efficiency effort to increase company profits. The study's results indicate that the amount of DER (capital structure) does not have a significant effect on the company's profit growth, the capital structure owned is less efficient in its utilization during the Covid-19 pandemic.

This study used a sample of 12 companies, this number can cause a lack of generalization to the population. The small number of samples is due to the small number of companies that provide accessible financial statement information.

5 Implication and Suggestion for Future Research

5.1. Conclusion

The Covid-19 pandemic has had an effect on decreasing the profit growth of plantation and food crop companies in Indonesia. As well as having an impact on the management of company assets so that the amount of ROA does not affect profit growth. Net Profit Margin in this study has a fairly large effect on profit growth. The capital structure consisting of equity and debt has no effect on profit growth of company during the Covid-19 pandemic.

5.2. Implication

The study'sresults may be used as a reference for investors, decision makers in an effort to increase company profits during the covid-19 pandemic. A high NPM attracts investors to channel their funds to the company. However, a sufficiently large ROA does not necessarily help profit growth, it is hoped that ROA can be used more efficiently in improving company operations so as to contribute to profit growth. Furthermore, DER has no effect on profit growth, this is to get attention so that debt remains at a small value, which allows the company to increase its own capital during the Covid-19 pandemic. These results can also be used as input for company management to be able to continue to maintain and improve NPM, manage ROA more efficiently and control DER so that it does not increase.

5.3. Suggestion

Future researchers can use more complete data, more number of companies, more independent variables, wider field of business, longer period of time, and more complex research objects. can contribute to decision makers.

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