FACTORS THAT INFLUENCE PROFIT GROWTH IN RETAIL TRADING COMPANIES

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Abstract: This research aims to analyze the influence of economic growth and stock prices on profit growth in companies in the retail trade sub-sector. The number of samples in this research was 20 Retail Trading companies registered on the Indonesia Stock Exchange using the Purposive Sampling. The type of data used in this research is quantitative. Based on the results of statistical analysis, it can be concluded that Economic Growth has a significant effect on Profit Growth in the companies studied. It is indicated by the results of the t-count test 2.590 > t-table 1.664, significance 0.011 < 0.05. So it can be concluded that Economic Growth influences Profit Growth. Based on the results of statistical analysis, it can be concluded that share prices do not have a significant effect on profit growth in the companies studied. This is indicated by the results of the t-count value -1.041 < t-table 1.664 and a significance of 0.301 > from a significance level of 0.05. So it can be concluded that the Share Price variable does not have a significant effect on Profit Growth. Economic Growth and Stock Prices significantly influence Profit Growth. This is proven by using the f test with a significance value of 0.023 < 0.05 and f-count 3.949 < f-table 3.112. This can be seen from the R Square value of 0.091 or 9.1% while the remaining 90.9% is influenced or explained by other variables not examined in this research such as Net Profit Margin, Return On Assets and Debt To Equity Ratio which are not caused by in this research.

Keywords: Economic Growth, Stock Prices, Profit Growth

INTRODUCTION

The rapid growth of the Retail Trade Sub-Sector in Indonesia has caused intense competition between companies operating in the Retail Trade Sub-Sector. With the emergence and development of various companies in the Retail Trade Sub-Sector, companies are trying hard to pursue high value in the eyes of various groups, such as investors and the general public, in order to survive. Rapid growth in the Retail Trade Sub-Sector also drives overall economic activity. This activity not only creates new jobs, but also causes an increase in personal consumption, thus providing positive contribution to economic activity. Economic activity relies on business dynamics that emerge from the spontaneity and creativity of the economic world itself.

To face the competitor, the company must be innovative and able to adapt to changes that have occurred and that will occur in the future, whether changes in the national economy, government regulations, consumer conditions, or competitors' capabilities. Therefore, companies must conceptually and systematically focus on dynamic business growth and development, utilize all the potential of company resources, to create a highly profitable situation for the company. We need to grow and develop our business. Basically, the goal of business is to maximize or generate profits. The potential resources of a company has to achieve their goals, such as market mechanisms and financial resources such as profit growth.

Profit is usually reported on a period's income statement along with other components such as revenue, expenses, and profit (or loss). Companies with relatively stable profits are able to predict future profit expectations, and usually pay a higher percentage of profits as dividends than
companies with fluctuating profits. Financial information is useful for companies and shareholders. An increase in profits is good news for investors, while a decrease in profits is bad news for investors, (Surenjani et al., 2023).

Economics is concerned with the process of increasing the production of goods and services in the economic activities of a society. We can say that growth concerns development in one dimension and is measured by increases in output and income. As a developing country, Indonesia has committed to equality and stability, and actively seeks development systematically and gradually. National development aims to achieve relatively high economic growth, which ultimately enables an increase in the standard of living and welfare of all people. Economic growth also involves improving people's quality of life through equal distribution of income and increasing access to basic services, such as basic community needs, (Wau et al., 2022).

Because shares are a promising form of investment for investors, the share price is a very important and fundamental factor for investors before investing. Share prices are determined primarily by supply and demand for the shares themselves. Shares are in the form of paper which states that the owner of the paper is the owner of the company that issued the securities. If there is a positive influence on the development of a company, investors will collect shares, the share price will rise and the value of the company will increase. On the other hand, if a company's performance gives a negative signal, this indicates that the company's future prospects are not good. Therefore, share prices in the capital market will fall and investor profits will also fall, (Bhuntar et al., 2023).

From the background above, the problem can be formulated, namely: (1) Is there an influence of Economic Growth on Profit Growth in Retail Trade Sub-Sector Companies listed on the Indonesia Stock Exchange for the 2018-2022 Period? (2) Is there an influence of share prices on profit growth in retail trade sub-sector companies listed on the Indonesian Stock Exchange for the 2018-2022 period? (3) Is there an influence of Economic Growth and Share Prices on Profit Growth in Retail Trade Sub-Sector Companies listed on the Indonesian Stock Exchange for the 2018-2022 Period?

Based on the problem formulation above, the aim of this research is as follows: (1) to find out whether economic growth has an effect on profit growth in retail trade sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period. (2) To find out whether share prices have an effect on profit growth in retail trade sub-sector companies listed on the Indonesian Stock Exchange for the 2018-2022 period. (3) To find out whether Economic Growth and Share Prices influence Profit Growth in Retail Trade Sub-Sector Companies listed on the Indonesia Stock Exchange for the 2018-2022 Period.

Financial reports are a reflection of the many transactions that occur in a company. Transactions and events of a financial nature are recorded, classified and summarized in an appropriate manner and interpreted for various purposes. In terms of financial reporting, it is the obligation of every company to prepare reports and report the company's finances within a certain period of time (Syaharman, 2021). Meanwhile, according to (Rahman, 2023) financial reports are reports that show the current financial condition of a company or a certain time period. Financial reports are prepared for internal company purposes over a certain period of time, for example three or six months, while comprehensive reports are prepared once a year, (Kasmir, 2018).

In general, profit growth defined as an effort by company management to intervene or influence information in financial reports with the aim of providing information to stakeholders who want to know the company's performance and health (Sulistyanto, 2018). Profit Growth refers to the increase or decrease in profits from year to year. A company which profits are getting bigger shows that the company is running well. Financial managers need the information about profit growth to make decisions, (Maryati & Siswanti, 2022). With the profit increase, it shows that the company has good performance conditions. With good economic conditions, the company's growth rate is also good and attracts many investors to invest their capital, (Oktaviani et al., 2023).
Economic growth is an increase in a country's national income or production from year to year. A country's economic growth can be measured by looking at the level of the country's Gross Domestic Product (GDP). Economic growth is an indicator of the success of a country's development. Currently, many countries are trying to encourage economic growth by continuing to increase production through the availability of capital goods, technology and human resources (Simanungkait, 2020). Positive economic growth indicates that the economy improved, negative economic growth indicates the economy declined. Positive economic growth is the main goal of a country, because with positive economic growth, more and more investors will be interested in investing their capital in that country, (Amdan & Sanjani, 2023).

The share price is the share price displayed on the stock exchange at a certain time determined by market players and determined by the demand and supply of these shares in the capital market. Apart from that, the share price is the price resulting from an agreement between buyers and sellers of the shares, or the price formed by the forces of supply and demand for shares that occur in the capital market at a certain time. Stock prices usually fluctuate during trading sessions and can be observed in real time on the stock market, (Ardiayani, 2018). Meanwhile, according to, (Ananda et al., 2023) the share price is the price that occurs on the stock exchange at a certain time, determined by market players and determined by the demand and supply of shares. The stock price is the present value of the future income an investor will receive.

**RESEARCH METHOD**

The author choose Retail Trading Sub-Sector Companies listed on the Indonesia Stock Exchange as research subjects. This research data was obtained from the official website of the Indonesian Stock Exchange namely www.idx.id and all affiliated company websites. Based on the problem formulation proposed, the type of research used by the author is quantitative research. Quantitative research refers to obtaining data in the form of figures from financial reports, namely annual financial report data from 2018 to 2022 for Retail Trade Sub-Sector Companies listed on the Indonesia Stock Exchange. In this research, the author used secondary data, because the data was obtained directly by referring to the annual reports of companies listed on the Indonesia Stock Exchange, Retail Trade Sub-Sector from 2018 to 2022.

**DISCUSSION**

**Multiple Linear Regression Test Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficientsa</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td>Coefficients</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-0.054</td>
<td>0.149</td>
<td>-0.364</td>
<td>0.717</td>
</tr>
<tr>
<td>Economic growth</td>
<td>0.076</td>
<td>0.029</td>
<td>0.278</td>
<td>2.590</td>
</tr>
<tr>
<td>Stock Price</td>
<td>0.000</td>
<td>0.000</td>
<td>-0.112</td>
<td>-1.041</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Profit Housing

**Source:** Spss Version 19 Output

Based on the table above, there is a positive relationship between Economic Growth and Stock Prices on Profit Growth, so the multiple linear regression equation obtained as follows:

Formula:
Y = a + b1X1 + b2X2 + e
Y = -0.054 + 0.076X1 + X2 + e

Information:
Y = Profit Growth
X1 = Economic Growth
X2 = Share Price
α = Constant
b1, b2 = Regression Coefficient
e = Residual Value

Based on the multiple linear regression equation, it can be analyzed as follows:

a = -0.054
a constant value of -0.054 identifies that if the independent variables, namely Economic Growth and Stock Prices, are equal to 0 or constant, then Profit Growth will decrease by 0.054 or 5.4%.
b1 = 0.076
The Economic Growth regression coefficient of 0.076 identifies that for every one unit increase in Economic Growth, if the constant value and Share Price are equal to 0 or constant then Profit Growth increases by 0.076 or 7.6%.
b2 = 0.000
A Stock Price regression coefficient of 0.000 identifies that an increase in the Stock Price of one unit, if the value is constant and Economic Growth is equal to 0 or constant then the Stock Price does not contribute to Profit Growth.

Partial Test Results (t Test)

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td>-0.364</td>
<td>0.717</td>
</tr>
<tr>
<td>Economic Growth</td>
<td></td>
<td>2.590</td>
<td>0.011</td>
</tr>
<tr>
<td>Stock Price</td>
<td></td>
<td>-1.041</td>
<td>0.301</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Profit Housing

Source: Spss Version 19 Output

a. Hypothesis Testing 1
Hypothesis testing carried out by comparing the t-count and t-table values. The hypothesis accepted if t-count > t-table with sig value < α 0.05. The t-table value at α 0.05 is 1.664. For the Economic Growth variable (X1) the t value is 2.590 > t table 1.664 and the significant value is 0.011 < 0.05. So the hypothesis that has been formulated in accordance with the research results so that H1 is accepted. This shows that Economic Growth (X1) has significant effect on Profit Growth. Because the large tcount of ttable is 2.590 > 1.664.

b. Hypothesis Testing 2
Hypothesis testing is carried out by comparing the t-count and t-table values. The hypothesis is accepted if t-count > t-table with sig value < α 0.05. The t-table value at α 0.05 is 1.664. For the Stock Price variable (X2) the t value is -1.041 < 1.664 from t-table and the significant value is
0.301 > α 0.05. So the hypothesis that has been formulated is not in accordance with the research results so that H2 is rejected. This shows that share prices do not have a significant effect on profit growth. Because the small tcount of ttable is -1.041 < 1.664.

Simultaneous Test Results (f Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.516</td>
<td>2</td>
<td>1.758</td>
<td>3.949</td>
<td>.023</td>
</tr>
<tr>
<td>Residual</td>
<td>35.174</td>
<td>79</td>
<td>.445</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>38.691</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Stock Price, Economic Growth
b. Dependent Variable: Profit Housing

Source: Spss Version 19 Output

This hypothesis test carried out by comparing f-count with f-table. The hypothesis is accepted if f-count > f-table and sig value < α 0.05. The f table value at a significance of 0.05 is 3.112. From the ANOVA test or f test above, it shows that f-count is 3.949 > f-table 3.112 and the significant value is 0.023 < sig α 0.05. From the results of this test it can be concluded that Economic Growth and Stock Prices simultaneously or jointly influence Profit Growth. So the hypothesis formulated is in accordance with the research results so that H3 is accepted.

CONCLUSION

Based on the conclusions and discussion above, suggestions can be made which may be useful for investors and future researchers regarding the factors that influence a company's earnings management as follows:

a. It is hoped that this research can provide input for investors in making investment decisions by knowing Economic Growth and Stock Prices on Profit Growth in Retail Trade Sub-Sector Companies listed on the IDX for the 2018-2022 period. Additionally, investors may consider reviewing the research methodology carefully, ensuring the data used is reliable and relevant to the current market conditions.

b. In this research, the sample used is the financial report of the Retail Trade Sub-Sector Company only, so the conclusion produced in this research cannot be generalized to other industries. To get better research results, it is best for future research to expand the research sample so it can describe on a better sample group.

c. Future researchers can add or replace the independent variables, namely Economic Growth and Stock Prices with other variables because the variables used in this research can only explain 0.091 or 9.1% while the remaining 90.9% of Profit Growth is in accordance with the results from the table. coefficient of determination (R2), meaning that there are many other variables that can explain Profit Growth such as Net Profit Margin, Return On Assets and Debt To Equity. Apart from that, you can increase the research period so that the number of samples studied will increase, in order to obtain more significant research results and use more complete and accurate methods and test equipment to obtain more valid conclusions.
REFERENCES


