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LITERATURE OF REVIEW ANALYSIS OF PRODUCTION EXPENSES, INVESTMENT EXPENSES, OPERATIONAL EXPENSES ON NET PROFIT OF PT INDUSTRI JAMU DAN FARMASI SIDOMUNCUL Tbk. 2018-2022

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A B S T R A C T

This research aims to test whether production costs, investment costs, sales operational costs influencenot a professionalat PT INDUSTRI JAMU AND FARMASI SIDOMUNCUL Tbk. 2018-2022. This research uses quantitative data samples and sampling uses purposive sampling techniques. The data analysis technique in this research uses multiple linear regression and classical assumption tests. Data processing in this research was assisted by the IBM SPSS 26 tool.

INTRODUCTION

Every business has one main goal, namely achieving maximum net profit. Profit or loss is often used to estimate business performance. Factors forming profit are income and expenses. Meanwhile, financial performance evaluation can be used to determine the level of profitability of a business entity by comparing the profits of a particular year with the profits of the previous year and the following year. By identifying financial difficulties as early as possible, business entities can take steps to improve operational efficiency to increase future profits. Income and expenses are things that cannot be separated, where income is the result obtained from business activities carried out by the business entity, and expenses are costs incurred or used to achieve the income expected by the business entity.

Business actors need to pay attention to the income they earn and the costs they incur while running their business in order to generate the desired profits to support the continuity of their business... If the income is greater than the costs incurred then the business makes a profit and vice versa if the income is less than costs incurred then the business experiences a loss (Pasaribu, 2017)

Production expenses are all expenses that must be incurred by a business to obtain production factors and raw materials that will be used to produce goods produced by the business entity. Production costs include raw materials or raw materials, including semi-finished products, auxiliary materials, employee and manager salaries (Nurfitasari et al., 2014)

Investment expenditure can be understood as a commitment of a sum of money or other resources made now (at present) with the hope of obtaining benefits at a later date (in the future). In fact, investment is often associated with various activities that involve investing money in various alternative assets, both classified as real assets such as land, gold, property, and financial assets, such as various securities. such as shares, bonds or mutual funds. For the most savvy and risk-averse investors, their investments can also include investing in more financial assets. complex and risky, such as warrants, options and futures contracts, as well as international operations(Tandelilin, n.d.)

Operational expenses are expenses that directly affect the selling price of a commercial organization's products. With competitive prices, its products are able to compete with other similar businesses. Uncompetitive prices can encourage consumers to switch to other products. Then how do businesses keep product quality stable and prices competitive with the market so they can make a profit (Ernawati, 2015).

THEORETICAL REVIEW

Financial statements

Financial reports are a means of communicating primary financial information to parties outside the company. Financial reports are basically the result of the accounting process which can be used as a means of communicating between financial data and/or activities of a company and parties who have an interest in the company's data or activities. (Iwan Kesuma & Setiawaty, 2016)
According to the Indonesian Accounting Association, there are several types of financial reports, namely. (1).Statement of financial position at the end of the period, (2).Profit and loss report & other comprehensive income during the period, (3). Equity development report during the period, (4).Cash flow statement for the current period, (5).Notes to financial reports, (6). Initial financial statements of the Period

Net Profit

According to (Dobbin, 2006) Net profit is gross profit minus overhead expenses. Cash flow is money in minus money out. If the business entity achieves a satisfactory gross profit margin, which is caused by good control of overhead expenses, then a satisfactory level of income and profit will be achieved. Net profit (Y) can be interpreted as company income minus expenses and income taxes.

Production Expenses

According to (Muhammad & Si, n.d.) Production costs are the costs incurred to convert raw materials into finished products that are ready to be sold. These expenses include raw material costs, direct labor costs, and overhead costs. High production costs affect sales levels. In terms of quantity, a business entity limits production by adjusting the production costs incurred. When the quantity of product output decreases, of course this also has an impact on the profits obtained. In this theory, it can be said that production costs have an influence on profit.

Investment Expenses

According to (Ni Putu Putriani1, 2014) defines investment as an activity carried out by an organization or individual with the aim of making a profit. However, to gain profits or what is usually called carrying out investment activities is not easy, because the risk is equivalent to the return (profit) that will be obtained. Indeed, the profits you get from this investment are directly proportional to the risks you can accept

Operational Expenses

According to (Muria, 2018) operational expenses are the expenses used by a business to carry out its operational activities. Operational expenses greatly influence decisions that help business entities achieve their goals. If business entities can reduce operational expenses, they can increase net profits, but if not, they will lose profits. In conclusion, operational expenses have a very small and limited influence

Prior Research

(Ernawati, 2015) in his research entitled the influence of operational expenses on net profit with inventory turnover. The type of research in this research is quantitative research because the data obtained from the company is in the form of numbers related to the problem proposed by the author. The results of the research state that Operational expenses have a significant impact on net profit.

(Supriadi & Syahidah, 2018) in his research entitled Analysis of the Effect of Investment Policy, Sales Growth and Operating Expense Efficiency on Profitability. The analysis used by the author in this research is by using the commonly used methods of ratio analysis, comparative analysis and statistical analysis, namely Correlation Coefficient Analysis. Where investment expenses have a significant effect on net profit

(Sembiring, 2018) in his research entitled the effect of production expenses and marketing expenses on net profit. The data collection technique carried out in this research is a documentation study, namely by collecting secondary data obtained from published financial reports of manufacturing companies listed on the IDX from 2012 to 2016, namely 5 years and 10 companies, so the total data is 50 (Indonesian Stock Exchange, 2017).

The table below proves that the current research is different from previous research, where the current research uses four independent variables, namely production expenses, operational expenses, promotional expenses and sales volume.

STUDY	Profit	Sales Growth	Debt to Asset	Company Size	Labor costs
(Antiksari, 2021)			√	√	
(Novitasari, 2019)	√	√			
(Sugiarti, 2023)	√	√			
(Erny Setyowati, 2021)	√		√		
Rini Martiwi, 2023			√		
(Assagaf, 2023)	√	√			
(Nur Itha Fatimah, 2022)	√	√			
(Firdaus, 2022)	√	√			
(Coal, 2022)				√	√
(Arla Septav Alya Lestari 2023)	√	√	√	√	√

Table of Review Differences between researchers' research and previous research

RESEARCH MODEL

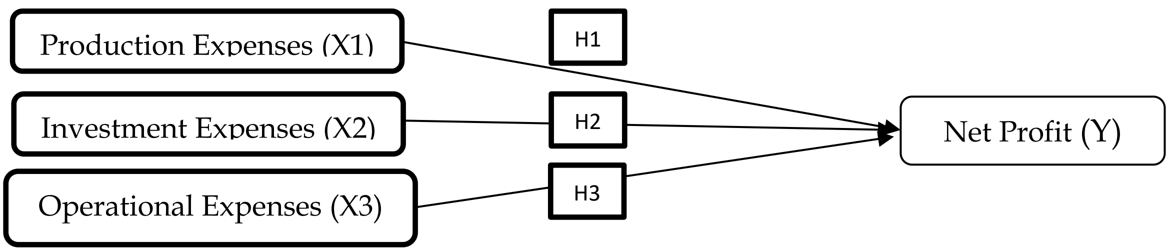

Figure 1. Conceptual Framework

Research Hypothesis

H1: Production Expenses affect Net Profit
H2: Investment Expenses affect Net Profit
H3: Operational Expenses affect Net Profit

Based on the framework image above, it can be explained that the independent variables of this research are production expenses (X1), investment expenses (X2), operational expenses (X3) and Net Profit (Y) as the dependent variable. This research will analyze whether production costs, investment costs and operational costs have an effect on profits, either simultaneously or partially

METHODOLOGY

Research Approach

This research uses a quantitative descriptive research method, where this method analyzes the relationship between one variable and other variables.

Population and Sample

The population is the entire group of people, events, or items that the researcher wants to study, while the sample is a subgroup of the population selected for use in research. In this research, the population used was PT Sido Muncul, a herbal medicine and pharmaceutical industry Tbk. while the sample used was the quarterly financial report of PT Sido Muncul Industri Jamu and Pharmacy Tbk for the period 2018 to 2022. The sampling technique in this research used a purposive sampling technique. Purposive sampling is a sampling technique by determining certain objectives or considerations. The sample in this research is the financial report of PT Sido Muncul, a herbal medicine and pharmaceutical industry Tbk.

Method of collecting data

The data collection method was carried out by looking for secondary data in the form of financial reports at PT Sido Muncul, a herbal medicine and pharmaceutical industry Tbk.

Classic assumption test

According to (Kurniawan, 2008) it is important to test classical assumptions so that the statistical coefficients obtained are truly reliable and accurate parameters. Testing in the classical assumption test consists of three testing stages, namely normality test, multicollinearity test and heteroscedasticity test.

a. Normality test

According to (Haniah, 2013) The normality distribution test or commonly known as the normality test can be used to measure whether the data that has been obtained is normally distributed or not so that it can be used in parametric statistics (inferential statistics). Data can be said to be normal if the Kolmogrov-Smirnov significance value is > 0.05. Conversely, if the significance value is <0.05 then the data is said to be not normally distributed.

b. Multicollinearity Test

According to (Azhari, 2018) the multicollinearity test is used to find out whether each independent variable is linearly related or each variable is correlated. Regression can be declared good if there is no multicollinearity. Data is said to not have multicollinearity if the VIF value is < 10 and the tolerance value is > 0.1.

Vice versa, data can be said to have multicollinearity if the VIF value is > 10 and the tolerance value is < 0.1

c.Heteroscedasticity Test

According to (Tandi et al., 2018), the heteroscedasticity test aims to test whether in the regression model there is inequality of variance and residuals from one observation to another. The heteroscedasticity test aims to test whether the regression model has an inequality of residual variance from one observation to another observation. This research uses a heteroscedasticity test methodscatterplot, where if the points form a certain regular pattern then heteroscedasticity occurs. On the other hand, if there is no clear pattern, the points spread above and below the number 0 on the Y axis, then the data can be said to not have heteroscedasticity.

Multiple Linear Regression Analysis

According to (Setiawan, 2017) Multiple linear regression analysis is used to test the influence of more than one independent variable on the dependent variable. The equation in multiple linear regression in this research is:

Y = a + b1X1 +b2X2 + b3X3 + B4X4 + e

Where :

AND : Net Profit
a : Constant
b : Regression coefficient for the production load variable
X1 : Production Expenses
b2 : Regression coefficient for operational expense variables
X2 : Operational Expenses
b3 : Regression coefficient for the promotional expense variable
X3 : Promotion Expenses
b3 : Sales volume variable regression coefficient
X4 : Sales Volume
It is : error of term

a. T-statistical test (Partial)

According to (Wisudaningsi et al., 2019) This test shows how far the influence of individual independent variables individually has on the dependent variable. The decision making criterion is to compare the significance values. If the significance value obtained is smaller than the significance level set at 0.05 (a=5%) acceptance or rejection of the hypothesis is carried out using the following criteria:

Based on the calculated t and t table values:

a. If the calculated t value > t table then the independent variable has an effect on Y (dependent variable)

b. If the calculated t value < t table then the independent variable has no effect on Y (variable tick)

Based on the significant value of the SPSS output results:

a. If the significant value is <0.05 then the independent variable has a significant effect

b. b to the dependent variable b. If the significant value is > 0.05 then the independent variable has no significant effect on the dependent variable

c. Coefficient of Determination Test (R2)

According to (Lubis & Hidayat, 2017) The coefficient of determination test is used to determine the ability of the independent variables to influence the dependent variable together. The coefficient of determination is measured fromAdjusted R-square (R2). If valueAdjusted R-square closer to one, the greater the ability of the independent variable to influence the dependent variable. Vice versa, if the valueAdjusted R-square farther away and closer to 0, the smaller the independent variable is able to influence the dependent variable.

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