

# INFLUENCE OF PROFITABILITY, ASSET STRUCTURE, SALES GROWTH AND BUSINESS RISK ON INVESTMENT

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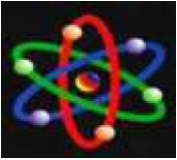


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**Abstract**

This study aims to determine the effect of profitability, asset structure, sales growth and business risk on investment. In the food and beverage industry companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019 the data used comes from the Indonesian stock exchange through the [www.idx.co.id](http://www.idx.co.id) site and has been selected based on the criteria in this study. The population used in this study is companies engaged in the food and beverage industry, totaling 26 companies, using a purposive sample, the samples obtained are 14 companies. With this research, it becomes a science to help further researchers and also students or the general public who need information. From this research, it can be seen that profitability has a partial effect on the amount of investment. Asset structure, sales growth, and business risk are not partially affected and have no significant impact on investment in the food and beverage industry. But all variables affect simultaneously. The choice of this sector is due to the fact that currently Indonesia is the country with the 4th most populous population and is a consumption country. Of course, the need for food and beverages will always increase so that many companies are built on that basis, which made me interested in researching it.

**Keywords:** Effect of profitability, asset structure, sales growth, business risk



## INTRODUCTION

One of the media to be able to invest in shares is through the Indonesia Stock Exchange. The Indonesia Stock Exchange is an institution that organizes and also provides media to bring together offers to buy and sell securities of other parties with the aim of trading securities between them. There are 9 sectors in the stock exchange, one of which is the consumer goods industry, which is divided into several sub-sectors, one of which is the food and beverage sub-sector. Shares of the food and beverage sub-sector are shares of companies whose business units trade and trade food needs in the form of food and beverages.

Investment is a commitment to a number of funds or other resources that are carried out at this time, with the hope of obtaining a number of benefits in the future. This return and risk is the measure of the investor's assessment if he will make an investment. Return or also called yield is the result obtained from an investment. Return is usually in the form of interest, capital gains and dividends. Risk is the opposite of return. Risk is the opportunity for not achieving one of the investment objectives due to uncertainty from time to time. There are two types of risk, namely systematic risk (market risk) and unsystematic risk (risk arising from company policies). Return and risk have a unidirectional relationship where the higher an investment risk, the higher the return that will be obtained by investors

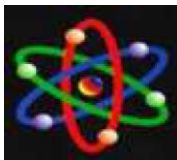
The food and beverage industry is one sector that is very important for the survival of human life. In their daily activities, humans cannot be separated from the food and beverage sector,

because this factor is a primary need for humans, so that regardless of the economic situation and conditions that occur, eating and drinking remains the most needed thing. From the contribution and magnitude of competitiveness and growth that occurs in food and beverage companies, it becomes an attraction for investors considering that Indonesia is the number 4 country in the world with the largest population.

The food and beverage industry in Indonesia has great growth potential because it is supported by abundant natural resources and large domestic demand, therefore a number of producers are still confident to increase investment and expand to meet market demand, both domestic and export. recorded in the first quarter the growth of the food and beverage industry reached 6.77% or above the economic growth which touched the level of 5.07%. In addition, the food and beverage industry contributed 35.58% to the GDP of the non-oil and gas industry, while the food and beverage industry contributed significantly to an increase in investment value of USD383 million (PMA) and IDR 8.9 trillion (PMDN). The total employment of the food and beverage industry reaches 1.2 million people.

The profitability of a company shows a comparison between profits and assets or capital that generates these profits. In other words, profitability is the company's ability to generate profits over a certain period. If the company knows how much profitability it has, then the company can monitor the company's development from time to time. Profitability here is measured using ROA showing how much the company's ability to generate profits by





utilizing its assets. In this case, investors can compare the profits of a company by looking at the company's financial statements.

Capital structure is defined as a balance or comparison between the amount of long-term debt with its own capital. Profitability is the ability of a business entity / business to make a profit. Meanwhile, profit or profit is the absolute number/amount of remaining operating income after deducting all operational costs, such as the production process, employee salaries, and other costs related to business activities (profit = income - operational costs).

Asset structure describes the proportion or comparison between the total fixed assets owned by the company and the total assets of the company. Meanwhile, the definition of assets according to terminology is a right that is valuable and provides benefits in the future. In economics, assets are always associated with assets that show valuable ownership of a resource that has benefits and is generally valued in units of money.

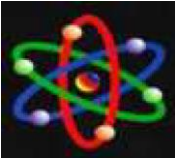
The size of the company directly reflects the high and low operating activities of a company. In general, the larger the company, the greater the activity, so the size of the company can be related to the size of the wealth owned by the company.

Companies with high business risk tend to avoid funding by using debt, for investors the existence of a capital market is needed as a place to invest, namely by getting dividends for those who own or hold shares and floating interest for bondholders. In addition, investors can simultaneously invest in several other instruments that can reduce business risk (Astusi, 2010; 5). Every investor will look for an investment with a very small level of risk so investors are very careful in investing.

Sales is a very important criterion in assessing profitability and is the main indicator in the company's activities (Andrayani, 2013). Sales growth is an increase in the number of sales from year to year or from time to time (Kennedy et al, 2013).

Kode Emiten	Tahun	Laba Bersih	Total Asset	EBIT	Penjualan	Harga Saham
ICBP	2015	2.923.148	26.560.624	4.009.634	31.741.094	13.475
	2016	<b>3.631.301</b>	28.901.948	4.989.254	34.375.236	<b>8.575</b>
	2017	<b>3.543.173</b>	31.619.514	5.206.561	35.606.593	<b>8.900</b>
	2018	4.658.781	34.367.153	6.446.785	38.413.407	10.450
	2019	5.360.029	38.709.314	7.436.972	42.296.703	11.150
MBLI	2015	496.909	2.100.853	675.572	2.696.318	8.200
	2016	982.129	2.275.038	1.320.186	3.263.311	11.750
	2017	1.322.067	2.510.078	1.780.020	3.389.736	13.675
	2018	1.224.807	<b>2.889.501</b>	1.671.912	3.574.801	<b>16.000</b>
	2019	1.206.059	<b>2.896.950</b>	1.626.612	3.711.405	<b>15.500</b>
	2015	1.250.233	11.342.715	1.640.494	14.818.730	30.500





MYOR	2016	1.388.676	12.922.421	1.845.683	18.349.959	1.645
	2017	1.630.953	14.915.849	2.186.884	20.060.802	2.270
	2018	1.760.434	17.591.706	<b>2.381.942</b>	24.060.802	<b>2.620</b>
	2019	2.039.404	19.037.918	<b>2.704.466</b>	25.026.739	<b>2.050</b>
ROTI	2015	185.705	1.919.568	378.251	2.174.501	1.265
	2016	174.176	2.336.411	369.416	2.521.920	1.600
	2017	216.024	2.342.432	186.147	<b>2.491.100</b>	<b>1.275</b>
	2018	255.088	2.631.189	186.936	<b>2.766.545</b>	<b>1.200</b>
	2019	482.590	2.881.563	347.098	3.337.022	1.300

Table 1. Original Data

Based on the table above, the Profitability Variable where one of the indicators used as a phenomenon is PT. I. Indofood CBP Sukses Makmu, Tbk. That is, the total net profit of the ICBP company in 2017 decreased by 88,128 compared to 2016 with the 2017 share price increasing by Rp.325 compared to 2016.

In the Variable Asset Structure where one of the indicators used as a phenomenon is PT. Multi Bintang Indonesia, Tbk, namely the total assets of the MBLI company in 2019 increased by 7,449 compared to 2018 with the share price in 2019 having decreased by Rp. 500 compared to 2018.

In the Business Risk Variable, one of the indicators used as a phenomenon is, PT. Mayora Indah, Tbk. In the MYOR company, EBIT in 2019 increased by 322.524 compared to 2018 with the stock price in 2019 having decreased by Rp. 570 compared to 2018.

In the sales growth variable where one of the indicators used as a phenomenon is PT. Nippon Indosari Corpindo, Tbk. At the ROTI company, sales in 2018 increased by 275,445 compared to 2017 with the share

price in 2018 having decreased by Rp. 75 compared to 2017. Thus there is a phenomenon that occurs from the variables of profitability, Asset Structure, Business Risk, and Sales Growth that affect investment.

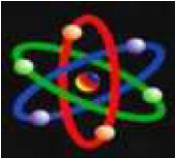
## RESEARCH METHODS

This research uses quantitative research methods. Quantitative data used in this study is secondary data, namely financial reports published by the Indonesia Stock Exchange. Sources of data obtained by the study of documentation. The type of research used is descriptive and the nature of this research is a causal relationship.

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange and financial statements obtained from the source [www.idx.co.id](http://www.idx.co.id). In 2015-2019 with a total of 16 companies.

The sample is part of the population taken according to the criteria that the researchers found. In this study, the sampling technique used is the purposive sampling method.





No	Criteria	Number of Companies
1	Food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2019 period	26
2	Food and beverage industry sub-sector companies that do not regularly publish financial reports on the IDX in the 2015-2019 period	9
3	Food and beverage industry sub-sector companies that suffered losses in the 2015-2019 period	3
Number of companies that meet the sample criteria		14
Total sample during the current period ( 14 * 5 ) Years		70

Table 2. Sampling Criteria

According to Dr. Sumanto, M.A. (2014:146), the data normality test is intended to ensure that the sample data comes from a normally distributed population. There are several techniques used to test the normality of the data, one of which is to use the Chi-squared(X2).

Hodi received : Asymp.Sig. (2-tailed) > 0.05, normally distributed Hadi Accept: Asymp.Sig. (2-tailed) < 0.05, not normally distributed.

According to Dr. Sumanto, M.A. (2014: 165), the multicollinearity test is intended to determine whether there is a significant correlation (correlation) between independent variables. If there is a fairly high (significant) relationship, it means that there are the same aspects measured in the independent variables. To show the existence of multicollinearity is the Tolerance value < 0.10 with a VIF value > 10.

Dr. Sumanto, M.A. (2014:169), heteroscedasticity occurs in regression if the error variance for some X values is not constant or varies. To determine the presence of heteroscedasticity using the Glejser test with sig > 0.05 then heteroscedasticity occurs and look at the scatterplot graph.

The data analysis model in this study is multiple linear regression with the aim of knowing the magnitude of the effect of auditor analysis, financial statement growth, business risk and sales on investment.

The equation for multiple regression analysis in general to test the hypotheses in this study is as follows

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Information

$Y =$  Investment  $X_1 =$  Profitability

$a =$  Constant  $X_2 =$  Structure of assets

$b_1 =$  Regression Coefficient of Profitability variable  $X_3 =$  Business Risk

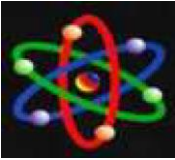
$b_2 =$  Regression coefficient variable Asset structure  $X_4 =$  Sales Growth

$b_3 =$  Regression Coefficient of Business Risk variable  $e =$  Percentage of error

$b_4 =$  Regression Coefficient of Sales variable

The coefficient of determination (R2) is used to determine the size of the independent variable's ability to influence the dependent variable. The value of the coefficient of determination has a range of 0 to 1. The coefficient of determination (R2) used in this research is the adjusted coefficient of determination (Adjusted R Square).





F test to show the simultaneous effect of independent variables on the dependent variable (Ghozali, 2013:98). Condition: If  $F_{count} > F_{table}$  then  $H_0$  is rejected and  $H_a$  means, all independent variables are significant explanatory variables to the dependent variable. If  $F_{count} < F_{table}$  then  $H_0$  is accepted and  $H_a$  It means that all independent variables are not significant explanatory variables to the dependent variable.

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## RESULTS AND DISCUSSION

N		70
Normal Parameters <sup>a,b</sup>	Mean	0.0000000
	Std. Deviation	2.42955980
Most Extreme Differences	Absolute	0.088
	Positive	0.088

	Negative	-0.047
Test Statistic		0.088
Asymp. Sig. (2-tailed)		0.200 <sup>c,d</sup>

Table 3. One-Sample Kolmogorov-Smirnov Test

Based on the picture in table 1 above, it shows that the Asymp value. Sig.(2-tailed) of 0.200 ( $0.200 < 0.05$ ), the regression model obtained is more than ( $p > 0.05$ ). Thus it has fulfilled the assumption of normality so that normal data can be analyzed.

Model	Tolerance	VIF
1 (Constant)		
Profitabilitas	0.310	3.230
Struktur Aset	0.965	1.036
Resiko Bisnis	0.309	3.231
Pertumbuhan Penjualan	0.975	1.026

Table 4. Multicollinearity test

Table above shows that the tolerance value for each independent variable is  $< 0.10$  and for the VIF value  $> 10$ , which means that there is no multicollinearity between the independent variables in the regression model.





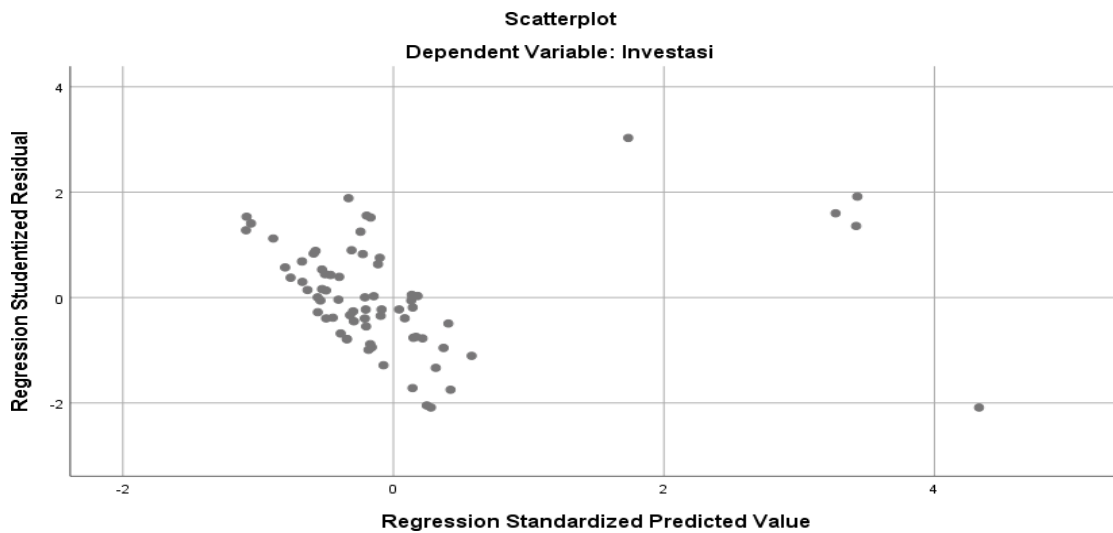
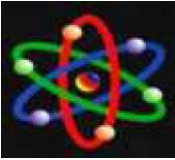


Figure 1. Heteroscedasticity Test

Based on the results of data processing from the Scatterplot graph, a random scatter diagram pattern is obtained and spreads below and above zero (0) on the Y axis. It is concluded that the test results for the variables of profitability, asset structure, business risk, sales growth on investment show that there is no heteroscedasticity in the regression model. Glejser test results also show no significant variables.

1,735 and the value of dL is 1,494. thus the value of  $DW < D_L$ . This means that the DW statistical value is in the autocorrelation area.

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,932 <sup>a</sup>	0,860	2,1294	1,294

Table 5. Autocorrelation Test

The results of the Durbin Watson test show that the DW value is 1.294. The value of  $d_u$  based on the statistical table is

	Unstandardized Residual
Test Value <sup>a</sup>	-0.11733
Cases < Test Value	35
Cases >= Test Value	35
Total Cases	70
Number of Runs	28
Z	-1.926
Asymp. Sig. (2-tailed)	0.054

a. Median

Table 6. Runs Test

Based on the SPSS output above, the Asymp value is known. Sig. (2-tailed) of  $0.054 > 0.05$ , it can be concluded that there are no symptoms or problems with autocorrelation.





Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	-6.806	0.899		-7.571	0.000
	Profitabilitas	-14.212	1.010	-1.138	-14.068	0.000
	Struktur Aset	13.213	1.998	0.303	6.612	0.000
	Resiko Bisnis	54.559	2.774	1.590	19.666	0.000
	Pertumbuhan Penjualan	-1.239	1.498	-0.038	-0.827	0.411

Table 7. Multiple Linear Regression Analysis Results

Regression equation:

$$Y = -6,806 + -14,212X_1 + 13,213X_2 + 54,559X_3 + -1,239X_4 + e$$

Based on the regression equation, it can be explained as follows:

1. If the value of b2 which is the correlation coefficient of Profitability (X1) is -14,212 which means it has a negative influence on the dependent variable (Y), it means that if the Profitability variable increases by 1 unit, then Investment (Y) will also decrease by -14,212 units. assuming other variables are fixed or constant. The effect of profitability on investment is significant because the significant level is less than alpha (0.000<0.05).
2. If the value of b2 which is the correlation coefficient of the Asset Structure (X2) is 13,213 which means it has a positive effect on the dependent variable (Y) which means if the Asset Structure variable increases by 1 unit, then investment (Y) will also increase by 13,213 units. assuming the other variables are constant. The effect of Asset Structure on investment is significant because the

significant level is less than alpha (0.000 < 0.05).

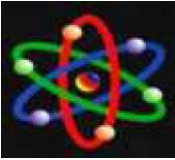
3. If the value of b3 which is the correlation coefficient of Business Risk (X3) is 54,559 which means it has a positive effect on the dependent variable (Y) which means if the Business Risk variable increases by 1 unit, then investment (Y) will also increase by 54,559 units assuming the other variables are constant. The effect of business risk on investment is significant because the significant level is less than alpha (0.000<0.05).

4. If the value of b4 which is the correlation coefficient of Sales Growth (X4) is -1.239 which means it has a negative effect on the dependent variable (Y) which means if the Sales Growth variable increases by 1 unit, then investment

(Y) will also experience a decrease of - 1,239 units assuming other variables are constant. The effect of sales growth on investment is not significant because the significant level is more than alpha (0.411>0.05).







Model R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.932 <sup>a</sup>	0.868	0.860	2.50320

Table 8. Coefficient of Determination Test

If viewed from the table above, the Adjusted R Square of 0.868 or 86.8% is obtained, which means that the influence of the independent variable of 86.6% can explain the dependent variable while the remaining 13.4% is explained by other variables not observed in this study.

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2688.648	4	672.162	10.7271	0.000
Residual	407.290	65	6.266		
Total	3095.938	69			

Table 9. F Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.806	0.899		-7.571	0.000
	Profitabilitas	-14.212	1.010	-1.138	-14.068	0.000
	Struktur Aset	13.213	1.998	0.303	6.612	0.000
	Resiko Bisnis	54.559	2.774	1.590	19.666	0.000
	Pertumbuhan Penjualan	-1.239	1.498	-0.038	-0.827	0.411

Table 10. T Test

The results of the t test in the table above can be seen that the significance value (Sig) of the Profitability variable (X1) is 0.000 < 0.05. Then Ha is accepted and H0 is rejected, meaning that it has a positive significant effect on investment (Y). Asset structure (X2) significance (Sig) 0.000 < 0.05, then Ha is accepted and H0 is rejected, meaning that it has a positive significant effect on investment (Y). Business Risk (X3) significance (Sig) 0.000 < 0.05, then Ha is accepted and H0 is rejected, meaning that it has a positive significant effect on Investment (Y). Sales Growth (X4) with a significance (Sig) 0.411 > 0.05, then Ha is rejected and H0 is accepted or in other words Sales Growth

has no significant effect on Investment (Y).

The results of this study are sales growth has no significant effect on investment in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Based on the results of the research, the sales growth variable is less considered by investors in buying and selling shares. The sales growth variable has a negative correlation coefficient, this means that an increase in sales growth results in a decrease in stock prices and is contrary to the theory which states that an increase in stock prices is proportional to sales growth. This situation is caused by





unstable sales of each company and less than optimal market share.

The sales of each company fluctuate from year to year, it is possible that the performance of companies that are able to achieve high sales in a state of crisis, on the other hand there are companies whose sales are down.

The increase in sales will produce maximum profit, but the increase is used by the company for business development and not for dividend distribution.

### CONCLUSION

Based on the results of research conducted, it can be concluded in this study are:

1. Profitability has a significant effect on investment in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2016 period.
2. Asset structure has a significant effect on investment in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2016 period.
3. Business risk has a significant effect on investment in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2016 period.
4. Sales growth has no significant effect on investment in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2015-2016 period.
5. The effect of Profitability, Asset Structure, Business Risk, Sales Growth on investment is 86.8% while the remaining 13.4% is explained by other variables not examined.

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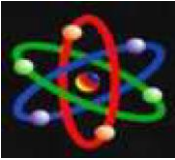
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