THE INFLUENCE OF SALES GROWTH, PROFITABILITY, DIVIDEND POLICY, AND LIQUIDITY TOWARD CHANGES IN PROFIT

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Abstract

The development of the market is increasingly global, causing business competition in Indonesia to be tighter. The level of profit generation is one of the benchmarks that is often used to measure the success of a company's performance. This research aims to analyze and empirically prove the influence of sales growth, profitability, dividend policy, and liquidity on changes in profits. The population in this study is mining companies listed on the Indonesia Stock Exchange (IDX) for the 2014-2021 period. The sampling technique used the purposive sampling method and obtained a sample of 72 who met the criteria. The analytical technique used is multiple linear regression analysis and uses quantitative methods. The results of this study show that the variables of sales growth and profitability have a positive effect on changes in profits. The liquidity variable negatively affects changes in profits, while the dividend policy variable does not affect changes in profits. This research provides a scientific contribution in the form of insight into some of the influences of profit change factors in mining sector companies listed on the Indonesia Stock Exchange.

Keywords: Sales growth, profitability, dividend policy, liquidity, changes in profit

Abstrak


Kata kunci: Pertumbuhan penjualan, profitabilitas, kebijakan dividen, likuiditas, perubahan laba

1. PRELIMINARY

The development of an increasingly global market causes business competition in Indonesia to be increasingly tight. The level of profit is one measure that is often used to quantify the success or failure of a firm's performance (Yuigananda et al., 2019). With the pace of the world economic system that has developed in a free market economy, all companies compete with each other in increasing the income of the state or their own companies (Aulia & Triyonowati, 2021). One of them is by registering companies on the IDX and there are many companies listed, which will increase competition in each company (Giawa et al., 2021). Of the various companies, one which can make a real contribution to economic development is company in the mining sector (Aulia & Triyonowati, 2021). According to the Law of the Republic of Indonesia No. 4 of 2009, the mining sector...
business is an activity in the context of controlling Minerals or Coal which includes the stages of activities of General Investigation, Exploration, Feasibility Study, Construction, Mining, Processing and/or Purification, Transportation and Sales as well as post-mining.

Indonesia is one of the biggest coal producers and exporters in the world, ranking fourth after China, United States, and India (Hutasoit & Muyassaroh, 2022). According to data on the IDX from 2014 to February 2021, it was recorded that there were 363 companies in the mining sector. The number of mining companies in Indonesia has an important influence on the income of each company. The problem that occurred in mining companies in 2022 occurred in May, namely the decline in the Reference Coal Price (HBA) by US$ 275.64 per ton, thus a decrease of US$ 12.76 per ton from the previous month. This is presumably due to the increase in world coal supply and the reduction of steam power plants as well as the development of green energy by China. A factor that affects the movement of HBA is supply which is influenced by supplier country policies, mining techniques, and weather. The second factor, demand is competition with other energy commodities and import policies (Purnama, 2022).

According to Silviana & Asyik (2016), the change in profit is an increase or decrease in profit each year. With the high change in profit, the profit earned by the company will increase, so the distribution of dividends will be high as well. The purpose of the company's net profit is to calculate the profit generated from each sales transaction that takes place in the company (Hutagalung & Malau, 2020). Sometimes the profit in the coming year obtained by the company cannot be ascertained, therefore it is necessary to predict changes in profits so that the performance of the company in getting profits can be known (Margiani et al., 2019). The performance of a company can be seen in the financial statements. The main factor in financial statements is profit which is an essential subject for users (Wahyuni et al., 2022).

According to Ulfa & Retnani (2018), sales growth is an estimate of an increase or decrease in company sales each year seen in the company's income statement. An effective company if it increases the company’s sales every year, and the company’s income also increases. This is consistent with research conducted by Sari et al. (2016), Silviana & Asyik (2016), and Elina & Handayani (2021) explain that sales growth has a positive influence on profit changes. However, research carried out by Ainiyah & Ratri (2020) describes that sales growth has a negative influence on profit changes. Meantime, research carried out by Sutardi & Khasanah (2018) and Ridwan & Fajar (2020) shows that there is no effect between sales growth and profit changes.

According to Baraja & Yosya (2018), profitability is a ratio to calculate the performance of companies that create income for operating costs, shareholder equity, and income each time. Profit results from the thinking power held by management (Ariani & Budiarti, 2018). This is in line with research conducted by Sinurat (2021), Minggus et al. (2020), Syahwildan (2019), and Ilham et al. (2022) show that profitability has a positive effect on profit changes. While the research conducted by Maulidya & Agustin (2019), Kusumawardani et al. (2021), and Chasanah & Adhi (2017) mention that profitability has a negative influence on profit changes. And research conducted by Yuigananda et al. (2019), Wati & Subekti (2017), and Wardhani (2019) mention that profitability does not affect changes in profit.

A dividend policy is a company's decision to make a profit, which is then distributed to shareholders in the form of retained earnings. Companies must be good at making dividend policy resolutions. The determination dividend policy for the company must be guided by the evaluation from the management (Isabella & Susanti, 2017). This is following the research of Harsono & Nugroho (2019), Dewi et al. (2020), and Setiawan (2016) tell that dividend policy has a positive influence on profits changes. But, research conducted by Sari & Ardini (2018), Anggara (2020), and Silviana & Asyik (2016) states that dividend policy has a negative effect on profits changes. And research carried out by Anggraeni & Ardini (2020), Manurung & Kartikasari (2017), and Febrianty & Divianto (2017) state that dividend policy doesn’t affect profits changes.

Liquidity is the proportions that explain the firm's performance in paying short-term debt when it is collected. Thus, liquidity is a parameter of a firm's capability to pay off its pecuniary debts when they expire with existing current assets and calculate how liquid the company is (Rosyana & Triyonowati, 2018). This is following the research of Minggus et al. (2020), Pattiasina et al. (2018), Priyono et al. (2022), and Sinurat (2021) state that liquidity has a positive effect on profits changes. Meanwhile, according to Tilawa & Suprihadi (2022), Yensi et al. (2021), Agustin & Handayani (2020), and Paputungan (2021) find empirical evidence that liquidity has a negative effect on profits changes. And research carried out by Loppies et al. (2022), Putri et al. (2022), Rusqiati et al. (2021), and Insan & Purnama (2021) says that liquidity does not affect changes in profits.

Based on the explanation above regarding changes in profits and supported by the results of previous research that have not been uniform, as well as the lack of research on changes in profits in Indonesia, especially in mining sector companies, this research is important to do. The object of this study is a mining company registered in Indonesia Stock Exchange from 2014-2021. Then the objectives to be achieved in this study are: To analyze and prove empirically that sales growth, profitability, dividend policy, and liquidity have a positive effect on profit changes. This article is organized as follows: (1) An introduction that discusses the independent and
dependent variables, (2) A literature review and hypothesis development, (3) A research method that describes the sample, (4) Results of analysis and discussion, (5) The closing contains conclusions, limitations, and suggestions for future research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

![Conceptual Framework]

2.1. Signal Theory (Signalling Theory)

Signal theory can be interpreted as the sender (owner of information) giving a signal to convey pieces of information describing the condition of a company that is beneficial to the recipient. Then the receiver matches his behavior according to his understanding of the signal (Spence, 1973).

Changes in profits have a strong relationship with signal theory. If the change in profit is increasing from time to time, then there is a positive signal on the firm's ability. Because of the elevated profit, the better the firm's performance. Therefore, if the company's financial ratios are good, the profit changes will also be good (Ifada & Puspitasari, 2016).

2.2. Effect of Sales Growth on Changes in Profit

According to Ulfa & Retnani (2018), the occurrence of total company sales transactions is usually larger than other transactions. The increase in company profits is influenced by high sales growth compared to rising costs. Based on signal theory, because sales growth has a positive effect, companies are required to examine what factors affect sales. Thus, the company can sell a large number of products and sales increase, and because of this, there is an increase in profit (Radella et al., 2021). As sales growth increases, net income changes because it increases. This is held up by research by Ulfa & Retnani (2018), Sari et al. (2016), Silviana & Asyik (2016), and Elina & Handayani (2021) explain that sales growth has a positive influence on profit changes. Based on a theoretical explanation and supported by previous research, the first hypothesis is formulated as follows:

\[ H_1: \text{Sales growth has a positive effect on profit changes} \]

2.3. The Effect of Profitability on Changes in Profit

Baraja & Yosya (2018) explained that profitability is a ratio to calculate the firm's business performance for creating income on balance sheet assets, operating costs, and income each time. In addition, it provides parameters for the level of effectiveness of the company's management. Following the signal theory, the concept of increasing the NPM will give a signal that shows the high performance of the company aimed at realizing a profit on sales. The lofty the profitability of the firm, the higher the net profit. This is held up by research Sinurat (2021), Minggus et al. (2020), Ilham et al. (2022), and Syahwildan (2019) found a positive relationship between the level of profitability and changes in profits. Based on the theoretical explanation and supported by previous research, the second hypothesis is formulated as follows:

\[ H_2: \text{Profitability has a positive effect on profit changes} \]

2.4. The Effect of Dividend Policy on Changes in Profit

Dividend policy is the result of whether the company's profits would be given to shareholders as dividends or in the form of retained profits for the time (Sari & Ardini, 2018). According to Deitiana et al. (2020), dividend distribution is considered safer for investors because it can reduce uncertainty compared to getting capital gains. According to signal theory, if dividends increase, it will create a signal to shareholders as the company wants to get a good salary in the future. And if the dividend decreases or increases below normal, then it is believed by shareholders to be a signal that the firm in the time ahead will experience difficulties (Isabella & Susanti, 2017). The higher the dividend policy, the more profit will change because of the good performance of company managers. This follows research by Setiawan (2016), Harsono & Nugroho (2019), and Dewi et al. (2020) who found empirical evidence of the positive effect of dividend policy on profits changes. Based on the theoretical explanation and supported by previous research, the third hypothesis is as follows:
H3: Dividend policy has a positive effect on profits changes

2.5. Effect of Liquidity on Changes in Profit

Baraja & Yosya (2018) revealed that liquidity is a ratio that illustrates the firm's performance and resolves short-term obligations. The function of liquidity reveals the firm's capability to fulfill its maturing bonds, such as obligations to parties inside or outside the company. If the company can fulfill its bonds, then the firm can be called a liquid condition (Hadi, 2018), Sinurat (2021), Priyono et al. (2022), and Pattiasina et al. (2018) state that there is a positive relationship between liquidity and profit changes. Based on the theoretical explanation and supported by previous research, the fourth hypothesis is formulated as follows:

H4: Liquidity has a positive effect on profits changes

3. RESEARCH METHODOLOGY

This type of research is quantitative using secondary data sources get as journals, articles, and the IDX official site (www.idx.co.id). Quantitative research methods are research that emphasizes testing theories through measuring variables to test hypotheses, explaining the characteristics of factualism, and emphasizing measurement, as well as analysis of causal relationships between various variables (Hardani et al., 2020).

The population in this study are companies belonging to the basic material category, the mining sector registered on the Indonesia Stock Exchange (IDX) in 2014-2021. The population of this company is 51 firms. While the sample in this study is the Mining Sector Companies listed on the IDX in 2014-2021. The sampling technique used purposive sampling with criteria: (1) Mining sector companies listed on the Stock Exchange in 2014-2021 consecutively, (2) Mining companies publishing annual reports in 2014-2021, (3) Companies applying and disclosing information about changes in profits because in this study it is tested on changes in profits. The companies included in the sample criteria are 9 companies. So the sample used in this study is 72 company annual reports (9 companies x 8 years of observation).

3.1. Operational Definition and Measurement of Variables

<table>
<thead>
<tr>
<th>Variable Type</th>
<th>Operational Definition</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Change</td>
<td>Changes in profit are an escalade in profit or a lessen in income every year. The calculation of the return on investment for investors is based on the company's financial ability from the rate of change in profit each year (Haryoko &amp; Syahida, 2019).</td>
<td>$\Delta Yt = \frac{Yt - Y(t-1)}{Y(t-1)}$ According to (Pangkong et al., 2017).</td>
</tr>
<tr>
<td>Sales Growth</td>
<td>Sales growth is an increase in the number of sales any year (Margiani et al., 2019).</td>
<td>$PP = \frac{Sales_t - Sales(t-1)}{Sales(t-1)} \times 100%$ According to (Radella et al., 2021) .</td>
</tr>
<tr>
<td>Profitability</td>
<td>Profitability is calculating the company's performance for profit. The goal is to find out developments in the company, both progress and setbacks within a certain time (Nissa &amp; Utiyati, 2018).</td>
<td>$NPM = \frac{Net \text{ income after tax}}{Net \text{ sales}}$ According to (Baraja &amp; Yosya, 2018).</td>
</tr>
<tr>
<td>Dividend Policy</td>
<td>Dividend policy is the company's decision to decide how much profit to be distributed in the form of dividends and retained profits for future investment (Kusuma et al., 2018).</td>
<td>$DPR = \frac{Dividend \text{ per share}}{Earning \text{ per share}} \times 100%$ According to (Zulkifli et al., 2017).</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Liquidity is a useful ratio to decide the firm's performance in fulfilling short-term obligations promptly (Sari &amp; Fuadati, 2018).</td>
<td>$CR = \frac{Current\text{ Assets}}{Current\text{ Liabilities}}$ According to (Eforis &amp; Lijaya, 2021).</td>
</tr>
</tbody>
</table>
3.2. Data analysis method

Data analysis in this study used multiple linear regression analysis to test two or more independent variables against the dependent variable. The multiple regression equation in this study is:

\[ PL = \alpha + \beta_1SG + \beta_2NPM + \beta_3DPR + \beta_4CR + e \]

Information:
- PL : Change in Profit
- \( \alpha \) : Constant
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) : Regression Coefficient
- SG : Sales Growth
- NPM : Profitability
- DPR : Dividend Policy
- CR : Liquidity
- e : Error

4. RESULTS AND DISCUSSION

4.1. Descriptive Statistical Analysis

Descriptive statistics are used to describe data from each variable used in the study seen from the average value (mean), the lowest value in the data (minimum), the highest value in the data (maximum), and the standard deviation (Ghozali, 2018).

Table 1. Descriptive Statistics Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP</td>
<td>72</td>
<td>-0.31</td>
<td>5.17</td>
<td>0.1962</td>
<td>0.66903</td>
</tr>
<tr>
<td>P</td>
<td>72</td>
<td>0.01</td>
<td>0.33</td>
<td>0.1130</td>
<td>0.07508</td>
</tr>
<tr>
<td>KD</td>
<td>72</td>
<td>0.01</td>
<td>14105.00</td>
<td>1469.6121</td>
<td>3188.11039</td>
</tr>
<tr>
<td>L</td>
<td>72</td>
<td>0.67</td>
<td>6.72</td>
<td>2.0950</td>
<td>1.12017</td>
</tr>
<tr>
<td>PL</td>
<td>72</td>
<td>-0.79</td>
<td>15.32</td>
<td>0.9518</td>
<td>2.75894</td>
</tr>
</tbody>
</table>

Based on table 1, shows that each variable has 72 samples of data and the SPSS system shows 72 samples of valid data to be processed. The independent variable sales growth (PP) has a minimum value of -0.31 and a maximum value of 5.17. The mean is 0.1962 with a std. deviation of 0.66903. The profitability variable (P) has a minimum value of 0.01 and a maximum value of 0.33. The mean is 0.1130 with a std. deviation of 0.07508. The dividend policy variable (KD) has a minimum value of 0.01 and a maximum value of 14105.00. The mean value is 1469.6121 with a std. deviation of 3188.11039. The liquidity variable (L) has a minimum value of 0.67 and a maximum value of 6.72. The mean value is 2.0950 with a std. deviation of 1.12017. The dependent variable profit change (PL) has a minimum value of -0.79 and a maximum value of 15.32. The mean value is 0.9518 with a std. deviation of 2.75894.

4.2. Classic assumption test

4.2.1. Normality test

The normality test is useful to know whether or not the dependent variable or the independent variable in the regression model is normally distributed or not. To test it, you can use the Kolmogorov-Smirnov test with sig > 0.05, then it is normally distributed (Ghozali, 2018).

Table 1.1. Normality Test Results Before Casewise

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
<th>N</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72</td>
<td>0.000 &amp;</td>
</tr>
</tbody>
</table>

Based on table 1.1, the output of the normality test applies the One-Sample Kolmogorov-Smirnov test on the regression model are not normally distributed. This is indicated by a significance value of 0.000 < 0.05 so it concluded that the normality test in this research isn’t normally distributed. Thus, the researcher conducted a casewise test by eliminating 6 data with the following test results:
Based on the normality test above after being casewise in table 1.2, it is stated that the assumption of normality in the normally distributed regression model is indicated by the value of Sig. (2-tailed) of 0.200 > 0.05. So it can be concluded that the residual value is normally distributed so that it passes the normality test.

4.2.2. Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between the independent variables or with other variables. To find out whether there is multicollinearity or not, glance at the tolerance value and VIF. If the tolerance value is > 0.10 and the VIF value is < 10, it signifies that there is no multicollinearity (Ghozali, 2018).

Table 1.3. Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
<td>VIF</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.975</td>
<td>1.026</td>
</tr>
<tr>
<td>PP</td>
<td>0.817</td>
<td>1.224</td>
</tr>
<tr>
<td>P</td>
<td>0.975</td>
<td>1.026</td>
</tr>
<tr>
<td>KD</td>
<td>0.821</td>
<td>1.218</td>
</tr>
<tr>
<td>L</td>
<td>0.821</td>
<td>1.218</td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

Table 1.3 convey that the variables of sales growth, profitability, dividend policy, and liquidity have a tolerance value > 0.10 and a VIF value < 10. This indicates that the regression model has passed the multicollinearity test.

4.2.3. Heteroscedasticity Test

The heteroscedasticity test is carried out to know whether or not there is a variance inequality in the regression function. The method of detecting the presence or absence of heteroscedasticity can be done using Spearman's rho method by correlating the independent variable with the residual. If the significance value is > 0.05, it can be concluded that the regression model doesn't indicate heteroscedasticity (Purnomo, 2016).

Table 1.4. Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Spearman's rho</th>
<th>Unstandardized Residual</th>
<th>Sig. (2-tailed)</th>
<th>PP</th>
<th>P</th>
<th>KD</th>
<th>L</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.106</td>
<td>0.369</td>
<td>0.237</td>
<td>0.475</td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

In table 1.4, the results show that all variables in this study have a Sig. (2-tailed) > 0.05. It is concluded that this study didn’t indicate heteroscedasticity.

4.2.4. Autocorrelation Test

According to Ghozali (2018), the autocorrelation test intends to determine whether a linear regression model has found a correlation between the confounding errors described by time (time series). Autocorrelation can be tested using the Durbin-Watson method. The data is said to be free from positive or negative autocorrelation if the DW value is between -2 to 2.

Table 1.5. Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin-Watson</th>
<th>K</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.906</td>
<td>4</td>
<td>Autocorrelation Free</td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

Table 1.5 convey that the Durbin Watson (DW) value is 1.906. So it can be concluded, this research doesn't occur autocorrelation because the value of Durbin Watson is between -2 to 2.

4.2.5. Multiple Linear Regression Test

This test was conducted with the intent of testing whether there was an effect between the independent variables on the dependent variable (Ghozali, 2018).
Table 1.6. Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-0.383</td>
<td>0.171</td>
<td>-2.241</td>
<td>0.029</td>
</tr>
<tr>
<td>PP</td>
<td>0.443</td>
<td>0.108</td>
<td>0.358</td>
<td>4.116</td>
</tr>
<tr>
<td>P</td>
<td>8.042</td>
<td>1.131</td>
<td>0.676</td>
<td>7.111</td>
</tr>
<tr>
<td>KD</td>
<td>-7.303E-06</td>
<td>0.000</td>
<td>-0.028</td>
<td>-0.324</td>
</tr>
<tr>
<td>L</td>
<td>-0.136</td>
<td>0.071</td>
<td>-0.182</td>
<td>-1.917</td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

Based on table 1.6 the results of the regression analysis above, the following multiple linear regression equations are obtained:

\[ PL = -0.383 + 0.443 \times PP + 8.042 \times P - 0.000007303 \times KD - 0.136 \times L + e \]

4.2.6. Coefficient of Determination Test (R²)

The coefficient of determination test is used to measure the influence of the independent variable on the dependent variable. The value of the coefficient of determination (R²) is between zero and one (Ghozali, 2018). To assess the best regression model then use the value of Adjusted R².

Table 1.7. Coefficient of Determination Test Results

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.742</td>
<td>0.550</td>
<td>0.521</td>
<td>0.58618</td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

Based on the results in table 1.7, it is known that the Adjusted R Square value is 0.521 or 52.1%. This value indicates that the independent variables sales growth, profitability, dividend policy, and liquidity can elucidate the independent variable the change in profit of 52.1% while the remaining 47.9% is described by other variables not examined.

4.2.7. Model Feasibility Test (F Test)

According to Suliyanto (2011), the F statistical test was conducted to determine the feasibility of a regression model or goodness of fit. The regression model is said to be feasible if the value of sig < 0.05.

Table 1.8. Model Feasibility Test Results (F Test)

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>6.405</td>
<td>18.640</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Residual</td>
<td>61</td>
<td>0.344</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>65</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed in 2022 using SPSS

Based on the results of the F statistical test in table 1.8, it is known that the significance value of 0.000 means that the value is < 0.05. This shows that the model used in this study is a fit. The F calculated value is 18.640 > F table is 2.52 so it can be concluded that simultaneously the variables of sales growth, profitability, dividend policy, and liquidity affect profit changes.

4.2.8. Partial Test (T Test)

T test is useful for testing the effect of each independent variable on the dependent variable. If t count > t table or probability < significance level (Sig < 0.05), then Ha accepted and Ho rejected, meaning that the independent variable influence the dependent variable (Ghozali, 2018).

Table 1.9. Partial Test Results (T Test)

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model</th>
<th>B</th>
<th>t</th>
<th>Sig.</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>-0.383</td>
<td>-2.241</td>
<td>0.029</td>
<td></td>
<td>Positive Influence</td>
</tr>
<tr>
<td>PP</td>
<td>0.443</td>
<td>4.116</td>
<td>0.000**</td>
<td>Positive Influence</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>8.042</td>
<td>7.111</td>
<td>0.000**</td>
<td>Positive Influence</td>
<td></td>
</tr>
<tr>
<td>KD</td>
<td>-7.303E-06</td>
<td>-0.324</td>
<td>0.747</td>
<td>No effect</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>-0.136</td>
<td>-1.917</td>
<td>0.060*</td>
<td>Negative Effect</td>
<td></td>
</tr>
</tbody>
</table>
Based on the hypothesis testing of the sales growth variable in table 1.9, obtained a regression coefficient of 0.443 with a positive direction and a significance value of 0.000 < 0.05 and the value of $t_{\text{arithmetic}} (4.116) > t_{\text{table}} (1.99897)$, then these results indicate that Ho is rejected and Ha is accepted, it can be concluded that sales growth has a positive effect on profit changes. That is if, in the following year sales growth increases, the net profit will change because it has increased from previous years. This result is following the signal theory which explains that sales growth has a positive effect, so companies must observe the factors that affect sales so that companies can sell a large number of products, increasing sales will increase profits as well (Radella et al., 2021). The results of this research support the research conducted by Sari et al. (2016), Ulfa & Retnani (2018), Silviana & Asyik (2016), and Elina & Handayani (2021) who explain that sales growth has a positive effect on profit changes. And it is not in line with research by Ridwan & Fajar (2020) and Sutardi & Khasanah (2018) which state that sales growth does not affect changes in profit.

Based on the hypothesis testing of the profitability variable in table 1.9, the regression coefficient is 8.042 with a positive direction and a significance value of 0.000 < 0.05 and the value of $t_{\text{arithmetic}} (7.111) > t_{\text{table}} (1.99897)$, then these results indicate that Ho is rejected and Ha is accepted, it can be concluded that profitability has a positive effect on profits changes. So it can be interpreted that companies that have elevated profitability will get elevated net income as well. These results are consistent with the signal theory that the concept of increasing the NPM will give a signal indicating the high performance of the company to generate profits on sales. If the NPM is higher, it will increase the firm's profit growth and occurrence of changes in profits. This signal will generate interest in investors, resulting in increased working capital and profits made by the company (Soetjipto & Putro, 2021). This study is in line with the study of Sinurat (2021), Minggus et al. (2020), Ilham et al. (2022), and Syahwildan (2019) which states that profitability had a positive influence on profit changes. And not in line with research by Yuligandra et al. (2019), Wardhani (2019), and Wati & Subekti (2017) which state that profitability does not affect changes in profits.

Based on the hypothesis testing of the dividend policy variable in table 1.9, the regression coefficient is -0.000007303 with a negative direction and a significance value of 0.747 > 0.05 and the value of $t_{\text{arithmetic}} (-0.324) < t_{\text{table}} (1.99897)$, then these results show that Ho is accepted and Ha is rejected, it can be concluded that dividend policy does not affect profits changes. That is, the size of the dividend level of a company does not affect the number of profit changes. These results are not by the signal theory which explains that companies tend to withhold profits for the company's purposes, resulting in a lack of firm attitude in determining dividend policy and the company lacks the capital to re-manage which causes companies to be anxious because of the full payment of dividends. So that will have an impact on reducing the interest of investors to invest their share capital and become a signal that the company will experience difficulties in the future (Anggraeni & Ardini, 2020). This research is consistent with research by Febrianty & Divianto (2017), Manurung & Kartikasari (2017), and Anggraeni & Ardini (2020) which explain that dividend policy doesn’t affect profits changes. And not in line with research conducted by Dewi et al. (2020), Harsono & Nugroho (2019), and Setiawan (2016) which state that dividend policy has a positive influence on profits changes.

Based on the hypothesis testing of the liquidity variable in table 1.9, the regression coefficient is -0.136 with a negative direction and a significance value of 0.060 < 0.10 and the value of $t_{\text{arithmetic}} (-1.917) < t_{\text{table}} (1.66980)$, then these results indicate that Ho is rejected and Ha is accepted, it can be concluded that liquidity has a negative effect on profits changes. So interpreted that the higher the liquidity, the lower the firm's profit changes. This is not to the signal theory that the higher the current ratio in the company, the more short-term obligations are fulfilled. This makes the net profit generated getting lower because there is an excess in current assets which has an adverse effect on profitability. In addition, the company's performance did not go well, resulting in difficulties for the company to increase sales, resulting in lower profits. Therefore, liquidity provides a signal to increase the company's sales and profits, so an increase in profit changes is also expected (Yensi et al., 2021). The results of this study support the research conducted by Tilawa & Suprihadi (2022), Paputungan (2021), and Agustin & Handayani (2020) which stated that liquidity has a negative influence on profits changes. And not in line with research conducted by Loppies et al. (2022), Putri et al. (2022), and Rusqiati et al. (2021) which states that liquidity doesn’t affect changes in profit.
5. CONCLUSIONS AND SUGGESTIONS

This research aims to analyze and prove empirically the influence of sales growth, profitability, dividend policy, and liquidity on profit changes in mining sector companies listed on the IDX during 2014-2021. Based on the tests that have been conducted, the following conclusions can be drawn: sales growth and profitability variables have a positive influence on profit changes; liquidity variables have a negative influence on profit changes; and dividend policy variables have no influence on profit changes.

This study has several limitations that need to be considered by future researchers, namely: (1) In the sampling technique, a lot of data cannot be used because it does not have complete data on variables such as the number of companies that do not distribute dividends; (2) This research hasn’t been able to evince the effect of dividend policy on profits changes. Suggestions for further researchers related to this research, namely: (1) Further research is suggested to add several other variables that affect profits changes such as debt to equity ratio, total asset turnover, inventory turnover, and others; (2) Research then it is expected to use other companies such as property and real estate companies, food and beverage companies, agriculture, hotels, and others; (3) Further research is expected to prove the effect of dividend policy on profit changes.

REFERENCES


Paputungan, V. (2021). Analisis Pengaruh Current Ratio, Debt To Equity Ratio dan Net Profit Margin Terhadap...


