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Changes in Profit For IDX-Listed Cigarette Companies Between 2018 and 2021 and Their Relative Importance to Net Profit Margin, ROE, and ROA

Danna Solihin[1], Nurfitri[2], Andi Indrawati[3], Muhammad Nur[4]

[1,2,3,4] Universitas 17 Agustus 1945 Samarinda
Jl, Juanda No 80 Samarinda
[1]solihindanna@gmail.com ; [2]nurfitriani.hewit@gmail.com ;
[3]andiindrawaty@yahoo.co.id [4]muhammadnurxz11@gmail.com

ABSTRACT

This study aims determine and analyse the impact of Net Profit Margin, Return On Equity, and Return On Assets on the profit changes of BEI-listed tobacco companies from 2018 to 2022. Multiple linear regression analysis, the normality test, the autocorrelation test, the multicollinearity test, the heteroscedasticity test, the coefficient test, and the t test are employed as analytic instruments.According to research, Net Profit Margin (NPM) has a significant impact on the Changes in Profits of Cigarette Companies on the IDX in 2018-2021, while Return On Assets (ROA) and Return On Equity (ROE) do not. Net Profit Margin (NPM) has a significant impact on changes in profit; when NPM is high, a company is able to generate high profits from each transaction and/or reduce costs, ensuring that profit growth will continue to increase. Return On Assets (ROA) and Return On Equity (ROE) have no significant effect on changes in company profits because the increase in Return On Assets (ROA) and Return On Equity (ROE) is not only caused by increased profits generated by the company, but can also be caused by a decrease in the total assets or equity of the company even though the profits generated tend to remain in the same period, so that under these conditions the ratio of profits to total assets and equities tends to remain constant.

Keywords: profit; IDX-listed; net profit margin, ROE, ROA

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1. INTRODUCTION

In the current era of globalisation, we must recognise the accelerated pace of economic development. In order to enhance the development of the Indonesian nation and state, one indicator of this development is a robust economy, which is, of course, closely related to businesses [1].

When making economic decisions, business professionals must consider the condition and performance of the company. Companies can obtain information about company performance through financial reports, specifically in the form of cash flow and other information related to financial reports [2]. Therefore, financial report analysis is essential for comprehending financial report data. Financial reports are historical in nature, describing financial events that occurred in the past; therefore, an analysis of financial ratios, which define the relationship between estimates in the financial statements, is required to analyse predictions of profit growth in future periods.

Profit maximisation is the main goal of the company, in order to maximise corporate value and shareholder wealth. The profits obtained by the company will affect its survival. [3] states "Profit is an internal source of funds that can be obtained from the company's normal activities, which do not require extra costs for storage and use". The profit earned by the company for the coming year cannot be ascertained, so it is necessary to predict changes in profits. A high profit change indicates a high profit earned by the company, so the company's dividend distribution rate is also high.Profit changes can be used to assess a company's performance. Profit changes are also known as profit growth. Profit growth is influenced by changes in components in the financial statements, for example, changes in sales, changes in cost of goods sold, changes in operating

expenses, changes in interest expenses, and changes in income tax. It can also be influenced by external factors such as price increases due to inflation, exchange rates, economic conditions, political conditions of a country, and the existence of managerial freedom that allows managers to choose accounting methods and make estimates that can increase profits.An increase in company profits shows good company performance.

The higher the increase in changes in company profits, the better the company's performance [4]. Companies that experience positive profit growth every year can attract investors to invest in them, and companies can predict the company's future prospects regarding company performance [5]. One alternative is to find out if the financial information produced is useful for predicting profit growth, including financial conditions in the future, through financial ratio analysis, including net profit margin (NPM), return on equity (ROE), and return on assets (ROA). (Mashita et al., 2021).

The tobacco product industry, including tobacco, is a commodity that is already familiar to the Indonesian people.[6], the tobacco products industry (IHT) has high competitiveness and continues to make a significant contribution to the national economy. The contribution of the sector, which is categorised as local wisdom," includes employment, state revenue through excise, and being an important commodity for farmers from plantation products in the form of tobacco and cloves. The existence of the tobacco products industry has a bearing on state revenue; the contribution of cigarette excise reaches 96 percent.According to data from the Directorate General of Customs and Excise (DJBC) of the Ministry of Finance, excise revenue in 2021 will reach IDR 180 trillion. However, IHT products are excisable goods to control their consumption.

[6] the Central Statistics Agency (BPS) reports the gross domestic product (GDP) of the tobacco processing industry at current prices (ADHB) of IDR 135.14 trillion in 2021. This value accounts for 4.59% of the total GDP of the non-oil and gas processing industry and 0.8% of the national GDP. It can be seen that even though there are fluctuations in the production value of the tobacco products industry from year to year, the numbers are relatively high. The market share for IHT is currently starting to change because it is influenced by the lifestyle of smokers who pay attention to their health by choosing cigarettes that contain low tar and nicotine, so that smokers tend to machine-rolled kretek cigarettes (SKM), both regular and mild types (Ministry of Industry, 2017). This has affected the profits of companies engaged in the tobacco or cigarette industry sector on the Indonesia Stock Exchange, which have fluctuated, even though this sector makes a significant contribution to state revenues through tobacco product excise (CHT). CHT revenues grew significantly by 73.92 percent on an annual basis. The high growth was due to an overflow of payments for excise tape orders from 2020 to 2021 of IDR 27 trillion (bisnis.com, 2021). Data on profit fluctuations of companies engaged in the tobacco or cigarette industry sector on the Indonesia Stock Exchange can be seen as follows:

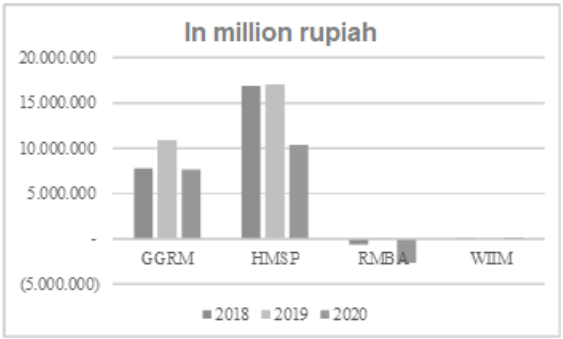

Figure 1.1. Cigarette Company Profit Data on the IDX for 2018-2020
Source: IDX (2022)

Based on Figure 1.1, it can be seen that all cigarette companies on the Indonesia Stock Exchange experienced profit fluctuations during 2018-2020. PT Gudang Garam Tbk (GGRM) generated a net profit of IDR 7,739,068 in 2018, then increased to IDR 10,880,704 in 2019 and decreased to IDR 7,647,729 in 2020. PT HM. Sampoerna Tbk (HMSP) generated IDR 16,882,000 in 2018, then increased to IDR 17,077,000 in 2019 and decreased to IDR 10,402,000 in 2020. PT Bentoel Internasional Investama Tbk (RMBA) generated a net loss of IDR 608,000 in 2018, then generated a net profit of IDR 51,000 in 2019 and experienced a net loss of IDR 2,667,000 in 2020. PT Wismilak Inti Makmur (WIIM) generated a net profit of IDR 51,143 in 2018, then decreased to IDR 27,328 in 2019, and increased to IDR 172,507 in 2020.

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2. LITERATUR RIVIEW

Ratio analysis describes the relationship or balance (mathematical relationship) between a certain amount and another amount, and using an analytical tool in the form of this ratio will be able to explain or give an overview to the analyst about the good or bad condition or financial position of a company. [7, p. 64]; according to [8, p. 72], financial ratio analysis is an analysis used to determine the relationship between items in one financial statement or items between the balance sheet and profit and loss statements.

Profitability Ratio [7, p. 33] provides the following definition: Profitability, orprofitability," indicates the company's ability to generate profits during a certain period. Like the other ratios discussed earlier, the profitability ratio also has goals and benefits, not only for company owners or management but also for parties outside the company, especially those who have relationships or interests with the company [8, p. 196]. Profitability ratios are: The ratio is used to assess the company's ability to make a profit. This ratio also provides a measure of the effectiveness of a company's management. This is shown by the profit earned. According to [9, p. 122], several types of profitability ratios include Net Profit Margin (NPM), Return on Investment (ROI), Return On Equity (ROE), Return On Assets (ROA)As for this study, the profitability ratios used are Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity (ROE). the results are from sales and investment income. If necessary, further explanation can be given regarding the material discussed.

2.1. Net Profit Margin (NPM)

According to [10, p. 222], net profit margin is a measure of a company's ability to generate profits compared to sales achieved. The trick is to compare profit before deducting interest expense and tax expense from sales.

[11] says, "Net profit margin measures the remaining percentage of sales after deducting total expenses and costs, such as interest, taxes, and preferred stock dividends. This means that Net Profit Margin measures the percentage of remaining sales after deducting total expenses and costs, such as interest, tax, and preferred stock dividends. According to [12, p. 29], "NPM is a ratio that calculates the extent to which a company's ability to generate net profit at a certain level of sales is affected." The formula for calculating net profit margin is:

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sale}} \times 100\%$$

2.2.Return On Asset (ROA)

According to [13, p. 81] "Return On Assets is a ratio that measures a company's ability to generate net income based on a certain level of assets." [14, p. 98] defines Return on assets (ROA) as follows: Return on assets is often also referred to as return on investment, because this ROA looks at the extent to which the investment that has been made is able to provide returns as expected and is actually the same as the company's assets invested or placed. According to [12, p. 28], "Return On Assets measures a company's ability to generate profit or profitability at a certain level of income, assets, and share capital." The formula for calculating Return On Assets is:

$$\text{Return On Asset} = \frac{\text{Net profit}}{\text{Total Assets}} \times 100\%$$

2.3.Return On Equity (ROE)

According to [15, p. 230], "ROE is a ratio used to measure a company's success in generating profits for shareholders." According to [16, p. 149], "Return on Equity (ROE) is the ratio of net to ordinary equity measuring the rate of return on investment of ordinary shareholders."According to [17, p. 28], "ROE is a comparison between net income and the amount of capital reported in the same period.". The formula for calculating return on equity is:

$$\text{Return On Equity} = \frac{\text{Net Profit}}{\text{Total Equity}} \times 100\%$$

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2.4.Profit Change (Profit Growth)

Profit maximisation is the main goal of the company, in order to maximise corporate value and shareholder wealth. Profits earned by the company will affect its viability. [3, p. 429]states "Profit is a source of internal funds that can be obtained from normal company activities that do not require extra costs for storage and use". According to [18], profit growth is influenced by changes in components in the financial statements, for example, changes in sales, changes in the cost of goods sold, changes in operating expenses, changes in interest expenses, and changes in income tax. According to [17], "Profit growth is calculated by subtracting the current period's profit from the previous period's profit and then dividing it by the previous period's profit." Based on this, the formula for calculating changes or profit growth is as follows:

Profit changes according to [17, p. 29] are:

$$\text{Profit Growth} = \frac{Yt - Yt\text{-}1}{Yt\text{-}1} \times 100\%$$

Information:

Yt = net profit for the period
Yt-1 = Net profit of the previous period

Hypothesis Formulation

Net Profit Margin (NPM) has an effect on profit changes

NPM is a ratio that calculates the extent to which a company's ability to generate net profit at a certain level of sales [17], NPM [12] measures a company's ability to generate net profit from sales made by the company, Previous research on the effect of profitability ratios on Profit growth has been carried out by [18] to examine the effect of financial ratios on profit growth in manufacturing companies listed on the IDX. The results of the study show that net profit margin has a significant effect on profit growth, [12] states that Net Profit Margin (NPM) has an effect on company profit growth. [19] , and [19] concluded that Net Profit Margin (NPM) partially has a significant effect on profit growth. The results of this study are in contrast to the results of research by [20], [21], namely Net Profit Margin (NPM) has no partial effect on profit growth.
Based on this explanation, the following hypotheses can be made:

H1: Net Profit Margin (NPM) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021.

Return On Assets (ROA) has an effect on profit changes

Return on Assets (ROA) measures a company's ability to generate net income based on a certain level of assets.[22] state that the Return on Assets (ROA) ratio is a ratio to measure management's ability to generate income from asset management. A high Return on Asset (ROA) value indicates the efficiency of asset management [13].

The results of research by [23] , [24], state that Return on Assets (ROA) has a significant effect on changes in profit. The results of this study are in contrast to the results of Syarifah's research (2014: 1-14) which shows that Return on Assets (ROA) partially has no significant effect on changes in profits. Different research results are shown by [5] which states that Return On Assets (ROA) has no effect on the company's profit growth. Based on this explanation, the following hypotheses can be made:

H2: Return On Assets (ROA) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021.

Return On Equity (ROE) has an effect on profit changes

The company generates profits based on a certain share capital. This ratio is a measure of profitability from the point of view of shareholders [13]The research results of [25] show that Return on Equity (ROE) partially has a significant effect on profit growth. However, the results of Fatimah's research (2014: 1-17) show that Return on Equity (ROE) partially has no significant effect on profit growth. Different findings are shown [22] stating that Return On Equity (ROE) has no effect on company profit growth.Based on the results of these studies, the researcher used the Return on Equity (ROE) ratio with the hypothesis:

H3: Return On Equity (ROE) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021

3. RESEARCH METHOD

This research was conducted by collecting secondary company data sources needed in this study in the form of an overview and quarterly financial reports for the 2018–2021 period through the website www.idx.co.id. While the population and sample.

Table 3.1. Research population

No	Company Code	Company Name
1	GGRM	PT Gudang Garam Tbk
2	HMSP	PT H.M. Sampoerna Tbk
3	RMBA	PT Bentoel Internasional Investama Tbk
4	WIIM	PT Wismilak Inti Makmur Tbk

Source: IDX (2023)

The sampling technique is purposive sampling, which is a sampling method based on certain predetermined criteria, including:

1. Cigarette companies listed on the Indonesia Stock Exchange in 2018–2021
2. Cigarette companies listed on the Indonesia Stock Exchange, which publish quarterly financial reports for 2018–2021.
3. Cigarette companies listed on the Indonesia Stock Exchange that generated profits during the 2018–2021 quarterly period

Based on some of the predetermined criteria, the following research samples were obtained:

Table 3.2. Research Sample

No	Code Company	Criteria 1	Criteria 2	Criteria 3	Information
1	GGRM	√	√	√	Complete
2	HMSP	√	√	√	Complete
3	RMBA	√	√	X	Incomplete
4	WIIM	√	√	√	Complete

Source: Processed Data (2023)

Based on table 3.2, it can be seen that the companies that were sampled in this study were three companies, namely PT Gudang Garam Tbk, PT H.M. Sampoerna Tbk, and PT Wismilak Inti Makmur Tbk. The total number of sample data for this study, namely three companies times the quarterly research period for 2018-2021 (4 quarters x 4 years) is 48 data samples.

The analytical tool used to calculate each research variable consists of Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity (ROE), as well as Changes in Profit

4. RESEARCH RESULTS AND DISCUSSION

4.1 RESEARCH RESULTS

Based on the calculations that have been made in the previous tables, the recapitulation of the research variables to become data input in SPSS is as follows.

Table 4.1. Variable Calculation Recapitulation

No	NPM (X1)	ROA (X2)	ROE (X3)	Profit Changes (Y)
1	0,086	0,030	0,043	-0,756
2	0,078	0,054	0,087	0,879
3	0,082	0,086	0,134	0,620
4	0,081	0,113	0,173	0,352

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No	NPM (X1)	ROA (X2)	ROE (X3)	Profit Changes (Y)
5	0,090	0,036	0,050	-0,698
6	0,081	0,064	0,096	0,818
7	0,089	0,101	0,153	0,692
8	0,098	0,138	0,214	0,502
9	0,090	0,032	0,046	-0,775
10	0,071	0,048	0,070	0,562
11	0,068	0,073	0,100	0,478
12	0,067	0,098	0,131	0,354
13	0,059	0,022	0,029	-0,772
14	0,038	0,029	0,038	0,323
15	0,045	0,050	0,072	0,789
16	0,045	0,062	0,095	0,356
17	0,131	0,058	0,082	-0,761
18	0,124	0,139	0,221	1,016
19	0,125	0,197	0,309	0,585
20	0,127	0,291	0,383	0,397
21	0,138	0,058	0,085	-0,757
22	0,133	0,157	0,238	1,060
23	0,132	0,208	0,319	0,507
24	0,129	0,270	0,385	0,345
25	0,140	0,052	0,085	-0,758
26	0,109	0,117	0,184	0,471
27	0,102	0,154	0,241	0,414
28	0,093	0,173	0,284	0,242
29	0,110	0,056	0,079	-0,699
30	0,087	0,092	0,160	0,598
31	0,077	0,114	0,203	0,344
32	0,072	0,134	0,244	0,285
33	0,031	0,008	0,011	-0,743
34	0,027	0,015	0,019	0,778
35	0,030	0,025	0,032	0,691
36	0,036	0,041	0,051	0,634
37	0,017	0,004	0,005	-0,897
38	0,013	0,007	0,009	0,625
39	0,015	0,012	0,015	0,800
40	0,020	0,021	0,026	0,770
41	0,038	0,010	0,014	-0,477
42	0,053	0,030	0,041	2,054
43	0,078	0,070	0,097	1,492
44	0,087	0,107	0,145	0,585
45	0,068	0,025	0,032	-0,776
46	0,054	0,037	0,051	0,634
47	0,057	0,063	0,087	0,726
48	0,065	0,094	0,134	0,624

Source: Processed Data (2023)

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Classic assumption test
Normality test

The results of the normality test performed using the Kolmogorov Smirnov test are as follows:

Table 4.1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

N		48
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,59650384
Most Extreme Differences	Absolute	,119
	Positive	,119
	Negative	-,059

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on table 4.1, the Asymp probability value is obtained. Sig. (2-tailed) is 0.088, so it can be concluded that the distribution of the regression model is normal because the probability is > 0.05.

Table 4.2. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,479[a]	,230	,177	,616504	1,923

a. Predictors: (Constant), Return On Equity, Net Profit Margin, Return On Asset
b. Dependent Variable: Profit Changes
Source: Processed Data (2023)

Based on table 4.2, the Durbin-Watson value is 1.923, so it can be concluded that there is no autocorrelation in the regression model because the DW value is between -2 and +2 or -2 < DW < +2.

Table 4.3. Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,611	,213		2,864	,006		
	Net Profit Margin	10,721	3,416	,571	3,138	,003	,529	1,890
	Return On Asset	1,435	9,863	,141	,145	,885	,861	3,738
	Return On Equity	3,310	6,566	,491	,504	,617	,844	4,231

a. Dependent Variable: Profit Changes. **Source: Processed Data (2023)**

The tolerance value of variable X1 is 0.529, the tolerance value of variable X2 is 0.861, and the tolerance value of variable X3 is 0.844. The VIF value of variable X1 is 1.890, the VIF value of variable X2 is 3.738, and the VIF value of variable X3 is 4.231 so it can be concluded that the regression model does not have multicollinearity symptoms, because the tolerance value of each variable is >0.10 and the VIF value of each variable <10

Table 4.4. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,528	,130		4,053	,000
	Net Profit Margin	,621	2,088	,060	,298	,767
	Return On Asset	1,962	6,029	,349	,325	,746
	Return On Equity	-2,281	4,014	-,613	-,568	,573

a. Dependent Variable: ABS

Source: Processed Data (2023)

The coefficient of determination (R2) based on table 4.4 is 0.230 which can be concluded that all independent variables consisting of Net Profit Margin (X1), Return On Assets (X2), and Return On Equity (X3) can affect changes in company profits (Y). cigarettes on the IDX by 23% while the remaining 77% is influenced by other variables not included in this study.

In testing the hypothesis using the t test

Table 4.5. Test Results t

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,611	,213		2,864	,006
	Net Profit Margin	10,721	3,416	,571	3,138	,003
	Return On Asset	1,435	9,863	,141	,145	,885
	Return On Equity	3,310	6,566	,491	,504	,617

a. Dependent Variable: Profit Changes

Source: Processed Data (2023)

The t test in this study was carried out at a degree of confidence α = 5%. If the significant value is below 0.05 and tcount > ttable, then the independent variable partially affects the dependent variable, conversely if the significant value is above 0.05 and tcount <ttable, then the independent variable partially has no effect on the dependent variable. The ttable value with a significance level of 0.05 and a degree of freedom (df) of 45 (n-k = 48-3) is 1.67943.

a. Net Profit Margin (X1)
The significant value (Sig.) is 0.003 and the tcount value is 3.138 so that the significant value (Sig.) of the Net Profit Margin (X1) variable is <0.05 and the tcount value is > ttable and it can be concluded that the Net Profit Margin variable (X1) has an effect on Profit Changes (Y) cigarette companies on the IDX in 2018-2021.

b. Return On Assets (X2)
The significant value (Sig.) is 0.885 and the tcount value is 0.145 so that the significant value (Sig.) of the variable Return On Assets (X2) > 0.05 and the value of tcount <ttable and it can be concluded that the variable Return On Assets (X2) has no significant effect on Changes in Profit (Y) of cigarette companies on the IDX in 2018-2021.

c. Return On Equity (X3)

The significant value (Sig.) is 0.617 and the tcount value is 0.504 so that the significant value (Sig.) of the Return On Equity (X3) variable is > 0.05 and the tcount value is < ttable and it can be concluded that the Return On Equity (X3) variable has no significant effect on Changes in Profit (Y) of cigarette companies on the IDX in 2018-2021.

4.2 DISCUSSION

Based on table 4.2, the regression equation of this study can be made as follows:
Y = 0.611 + 10.721X1 + 1.435X2 + 3.310X3 + e

The regression equation above can be explained as follows:

a) a = 0.611 means that the change in the variable Change in Profit (Y) is 0.611 without being influenced by Net Profit Margin (X1), Return On Assets (X2), and Return On Equity (X3).
b) b1 = 10.721, meaning that an increase in Net Profit Margin (X1) of 1 unit affects an increase in Profit Change (Y) of 10.721.
c) b2 = 1.435, it can be interpreted that an increase in Return On Assets (X2) of 1 unit affects a decrease in Profit Change (Y) of 1.435.
d) b3 = 3.310, it can be interpreted that an increase in Return On Equity (X3) of 1 unit has an effect on an increase in Profit Change (Y) of 3.310.

Based on table 4.2, a correlation coefficient (R) value of 0.479 is obtained and when referring to the correlation coefficient (R) test criteria as guided by table 3.3, it can be concluded that the level of relationship between the independent variables and the dependent variable is in the medium category.

Based on table 4.2, the coefficient of determination (R2) based on table 4.2 is 0.230 which can be concluded that all independent variables consisting of Net Profit Margin (X1), Return On Assets (X2), and Return On Equity (X3) can affect changes Profit (Y) of cigarette companies on the IDX is 23% while the remaining 77% is influenced by other variables not included in this study.
Based on hypothesis testing using the t test as in table 4.3:

H1: Net Profit Margin (NPM) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021.

The significant value (Sig.) is 0.003 and the tcount value is 3.138 so that the significant value (Sig.) of the Net Profit Margin (X1) variable is <0.05 and the tcount value is > ttable and it can be concluded that the Net Profit Margin variable (X1) has an effect on Profit Changes (Y) cigarette companies on the IDX in 2018-2021.

The results of this study are consistent with the results of research by [12] and [1] which state that Net Profit Margin (NPM) has an effect on company profit growth.

Net Profit Margin (NPM) shows the company's ability to generate profits from the total sales made. Net Profit Margin (NPM) is defined as the level of company efficiency, namely the extent to which the company's ability to emphasize the costs that exist in the company. The higher the Net Profit Margin (NPM), the better a company's operations. The positive influence of Net Profit Margin (NPM) on profit changes occurs because the company is able to generate high profits from each sale of the company and/or the company is able to carry out cost efficiency so that the company's profit growth will continue to increase. This is because the stability between the level of costs and level of sales is balanced. Looking at the Net Profit Margin (NPM) ratio can increase the confidence of investors to invest. The higher this ratio shows the company is more efficient in carrying out its operations. Companies that generate high Net Profit Margin (NPM) do not always increase profits, but companies are able to reduce costs well so that investors can expect high returns from invested capital.

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Based on the results of the analysis and discussion, it can be concluded that the proposed hypothesis is accepted.

H2: Return On Assets (ROA) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021.

The significant value (Sig.) is 0.885 and the tcount value is 0.145 so that the significant value (Sig.) of the variable Return On Assets (X2) > 0.05 and the tcount value < ttable and it can be concluded that the variable Return On Assets (X2) has no significant effect on Changes in Profit (Y) of cigarette companies on the IDX in 2018-2021.

The results of this study are consistent with the results of [26] which states that Return On Assets (ROA) has no effect on company profit growth. Return On Assets (ROA) shows the company's ability to generate profits from the total assets it owns, which is used to measure the company's effectiveness in generating profits by utilizing all of the company's assets or assets.

Return On Assets (ROA) looks at the extent to which the investment that has been invested is able to provide returns as expected and the investment is actually the same as the company's assets invested or placed. High Return On Assets (ROA) shows the efficiency of asset management. The higher the value of Return On Assets indicates that the company's profit growth is getting better. The results of this study indicate that Return On Assets (ROA) has a positive and insignificant effect on changes in profit due to an increase in Return On Assets (ROA) not only due to increased profits generated by the company, but can also be caused by a decrease in the company's total assets even though profits generated tends to remain in the same period so that under these conditions the proportion of profit to total assets increases, so that the effect is not significant on changes in company profits. A positive notation indicates that Return On Assets (ROA) has a unidirectional effect on changes in company profits.

Based on the results of the analysis and discussion, it can be concluded that the proposed hypothesis is rejected.

H3: Return On Equity (ROE) has an effect on changes in profits for cigarette companies listed on the IDX in 2018-2021.

The significant value (Sig.) is 0.617 and the tcount value is 0.504 so that the significant value (Sig.) of the Return On Equity (X3) variable is > 0.05 and the tcount value is < ttable and it can be concluded that the Return On Equity (X3) variable has no significant effect on Changes in Profit (Y) of cigarette companies on the IDX in 2018-2021.

The results of this study are consistent with the results of research by [22] and [19] stating that Return On Equity (ROE) has no effect on company profit growth.

Return On Equity (ROE) is a profitability ratio that measures a company's ability to generate profits based on the company's equity or capital. Return On Equity (ROE) is used to measure the company's success in generating profits for shareholders. The results of this study indicate that Return On Equity (ROE) has no significant effect on changes in profits due to an increase in Return On Equity (ROE) not only due to increased profits generated by the company, but can also be caused by a decrease in company equity even though the profits generated tend to increase. remain in the same period so that under these conditions the proportion of profit to equity increases. Based on the discussion, it can be concluded that the proposed hypothesis is rejected.

5. CONCLUSION

The conclusions of this study include:

1. Net Profit Margin (NPM) has an effect on changes in profits for cigarette companies on the IDX in 2018-2021 because companies are able to generate high profits from each company's sales and/or companies are able to carry out cost efficiencies so that the company's profit growth will continue to increase.
2. Return On Assets (ROA) has no significant effect on changes in profits for cigarette companies on the IDX in 2018-2021 due to an increase in Return On Assets (ROA) not only due to increased profits generated by the company, but can also be caused by a decrease in the company's total assets although the profit generated tends to remain in the same period so that under these conditions the proportion of profit to total assets increases, so that the effect is not significant on changes in company profits. A

positive notation indicates that Return On Assets (ROA) has a unidirectional effect on changes in company profits.

3. Return On Equity (ROE) has no significant effect on Changes in Tobacco company profits on the IDX in 2018-2021 due to an increase in Return On Equity (ROE) not only due to increased profits generated by the company, but also due to a decrease in company equity even though profits generated tends to remain in the same period so that under these conditions the proportion of profit to equity increases.

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