



# The Effect Of Company Size And Debt To Equity Ratio On Profitability Manufacturing Companies That Listed On The Indonesia Stock Exchange

**Muhammad Fahmi Tanjung<sup>1</sup>, Anggi Pratama Nasution<sup>2</sup>, Yossy Fadly<sup>3</sup>**

<sup>1,2,3</sup>Universitas Pembangunan Panca Budi Medan, Indonesia

Email: m.fahmi918171@gmail.com

**Abstract:** This paper research discussed about an effect of firm size and debt to equity ratio on the profitability of Manufacturing Companies Listed on the Indonesia Stock Exchange. Profitability shows the company's ability to earn a profit or a measure of the effectiveness of the company's management. The period of the company in this study was taken from 2016 until 2020. The data collection technique used in this study was by means of a documentation study. The analytical method used in this study is multiple linear regression analysis in its calculations assisted by the Statistical Package for the Sciences Social (SPSS) v. management program. 20. The results of this study partially show that the size of the company has no significant effect on profitability, while the debt-to-equity ratio has a positive and significant effect on profitability. Meanwhile, simultaneously, it shows that the size of the company and the debt-to-equity ratio have a significant effect on profitability.

**Keywords:** profitability; size; debt to equity ratio

## I. Introduction

Accounting information related to the company's profit is the most basic need in the decision-making process for investors in the capital market. One of the sources of such information is financial statements. Financial statements are one of the means to show the management performance needed by investors in assessing and predicting the company's capacity to generate cash flow from sources existing power in the company. Financial statements prepared by management as an internal party must be able to provide relevant information for users of financial information in the context of making economic decisions.

Manufacturing Company is a large company. The number of investors who depend on their income in the Manufacturing company. For this reason, it is necessary to develop its business by increasing profitability. Profitability has a very important role in business activities to maintain the company's future survival. Thus profitability can be a picture of the company having good prospects in the development of the economy in the future.

Profitability is the ability of an enterprise to make a profit in a certain period. Profitability ratio is the company's ability to make a profit in relation to sales, total assets and own capital (Sartono, 2010). Profitability describes the ability of a business entity to make a profit using all the capital owned. According to (Cashmere, 2011), that profitability ratio is a ratio for assessing a company's ability to seek profit. Profitability is important in an effort to maintain its long-term survival, because profitability shows whether the business entity has good prospects in the future. Thus every business entity will always try to increase its profitability, because the higher the level of profitability of an entity, the more guaranteed the survival of the business entity will be.

Profitability is the ratio of the effectiveness of management based on the resulting return on sales and investments. The profitability ratio consists of profit margin, basic earning power, return on assets, and return on equity. In this study, the profitability ratio was measured by return on assets (ROA). Return on assets (ROA) is a company's financial ratio related to potential profits measuring the strength of the company to generate profits or also profits at the level of income, assets and also specific share capital. The increased ratio indicates that management's performance has improved in effectively managing operational financing sources of funds to generate net profit. Profitability is the ability to make a profit (Prihadi, 2012). Meanwhile, according to (Danang, 2013), profitability is the company's ability to profit from business results. Many factors affect the level of profitability include the size of the company. In addition to the size of the company in increasing profitability, the debt to equity ratio (DER) also has an impact related to increasing profitability. Profitability is a factor that is considered in determining the capital structure of an enterprise.

The size of the company (firm size) has an ambiguous influence on the company's performance. First, the larger the size of the company, the greater the costs so that it will negatively affect the company's performance. (Hastuti, 2010) shows that the size of the company has a positive effect on profitability. Company size is a scale where large and small companies can be classified according to various ways, including total assets, log size, sales, and stock market value. The determination of the size of the company in this study is based on the total assets of the company, because the total assets are considered more stable and more able to reflect the size of the company, (Nurminda 2017).

Debt to Equity Ratio (DER) is a comparison between total debt to total shareholders equity owned by the company. The total debt here is the total short-term debt and the total long-term debt. Meanwhile, shareholders equity is the total own capital (total paid-up share capital and retained earnings) owned by the company. Balancing theory states that the decision to increase debt not only has a negative impact, but can also have a positive impact because companies must try to balance benefits with costs incurred due to debt. According to Darsono and Ashari (2010), Debt to equity ratio (DER) is a type of leverage or solvency ratio, which serves to determine the ability of a company to pay its obligations (debt), especially when the company is liquidated.

## II. Review of Literature

### 2.1 Profitability

According to (Cashmere, 2015) profitability is a ratio for assessing a company's ability to seek profit or profit in one particular period. This ratio can also provide a measure of the level of effectiveness of company management that can be shown from the profit obtained from sales or from investment income. Meanwhile, according to Hanafi (2012) the definition of profitability is a ratio to measure a company's ability to generate profits at a certain level of sales, assets and share capital. The profitability measurement used in this study is *return on assets*. *Return on assets* (ROA) is one of the profitability ratios. This ratio is most often highlighted, as it is able to show the success of the company making a profit. ROA is able to measure the company's ability to generate profits in the past to be projected in the future. *Assets* or assets in question are the entire assets of the company, which are obtained from own capital or from foreign capital that has been converted by the company into company assets that are used for the survival of the company. According to Brigham and Houston (2016) the formula for finding *return on assets* can be used, as follows:

$$ROA = \frac{\text{Laba Bersih}}{\text{Total Aktiva}}$$

## 2.2 Company Size

The size of the company describes the size of the company. The size of the business is in terms of the business field that is run. The determination of the scale of the size of the company can be determined based on total sales, total assets, average sales level (Seftianne, 2011). Companies with large sizes have greater and wider access to obtain sources of funding from outside, so to obtain loans will be easier because it is said that companies with size big has a greater chance of winning the competition or staying in the industry (Lisa and jogi, 2013). Large *well-established* companies will find it easier to obtain capital in the capital market than small companies. The size of the company can be used to represent the financial characteristics of the company. Large companies that are well *established* will find it easier to obtain capital in the capital market than small companies. Because this ease of access means that large companies have greater flexibility. According to Riyanto (2013), the size of the company is the size of the company in terms of the size of the *equity* value, sales value or asset value. The size of the company is proxied using the Tota Asset Natural Log with the aim of reducing excessive data fluctuations. By using Log Natural, the number of assets with a value of hundreds of billions or even trillions will be provided without changing the proportion of the total assets that are as serious as possible (Murhadi, 2013), as follows:

$$\text{Ukuran Perusahaan} = \text{Total Aktiva}$$

## 2.3 Debt to Equity Ratio

Solvency shows how the ability of an enterprise to manage all its debts both long-term and short-term debt. If a company is able to pay its debts, it can be said that the company will be able to present financial statements in a timely manner (Pebi & Marsono, 2013). The definition of *debt to equity ratio* (DER) according to Darsono and Ashari (2010) is one of the *leverage* or solvency ratios. The solvency ratio is a ratio for determining the ability of a company to pay obligations if the company is liquidated. This ratio is also called the leverage ratio (*Leverage*), which is to assess the company's limits on borrowing money. Meanwhile, according to Kasmir (2014) stated that *the debt to equity ratio* (DER) is a ratio used to assess debt with equity. This ratio is sought by comparing all debts, including current debt with all equity. A high *debt to equity ratio* (DER) indicates that the company is very dependent on outside parties in funding activities so that the company's burden will also increase. In this study, the ratio used was not the ratio in the current year, but the ratio in the previous year (t-1). The formula used is, as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Hutang}}{\text{Total Modal Sendiri}}$$

## III. Research Method

This type of research is associative, a study that aims to test and analyze the relationship between one or more free variables and bound variables, that is, analyze the influence of the size of the company and the *debt to equity ratio* on profitability.

This research was conducted on a Cigarette Sub-Sector Manufacturing company listed on the Indonesia Stock Exchange. The data used is secondary data which is the financial report of the Cigarette Sub-Sector Manufacturing company taken from *the www.idx.co.id*.

As for what is meant by the population of the generalization area consisting of subjects or objects that have a certain quantity and characteristics set by the researcher to be studied and the ease of drawing conclusions (Sugiyono, 2016). This research specializes in Cigarette Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange with a research period from 2016 to 2020 which amounts to 4 (four) companies. The sample according to Sugiyono (2016) is part of the number and characteristics possessed by the population. So that the sample is part of the existing population, so for sampling it must use a certain method based on existing considerations. The sample determination technique is carried out by the *purposive sampling* method, which is a sample selection method using certain criteria. The criterion is the company's annual financial statements starting from the period 2016 to 2020, therefore the sample in this study is the entire population, namely Cigarette Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange which are described in the Table, as follows:

**Table 1.** Research Samples

No.	Issuer Code	Company Name
1.	GGRM	PT Gudang Garam, Tbk
2.	HMSP	PT Handjaya Mandala Sampoerna, Tbk
3.	RMBA	PT Bantoel International Investama, Tbk
4.	WIIM	PT Wismilak Inti Makmur, Tbk

Source: [www.idx.co.id](http://www.idx.co.id), Processed By The Author, 2022

### 3.1 Data Analysis Techniques

The analysis method used in this study is to conduct a quantitative analysis expressed by numbers that in their calculations use statistical methods assisted by the program Statistical processing SPSS v.20. Data analysis techniques in research are used to analyze research data, as follows:

### 3.2 Descriptive Statistical Analysis

Descriptive statistics are generally used to provide information about research variables contained in a study. Descriptive analysis method is an analysis method in which the data collected, classified, analyzed and interpreted the results so as to provide information and an overview of the topic to be discussed. Descriptive statistics provide an overview of the phenomenon or characterization of the study.

### 3.3 Multiple Linear Regression Analysis

Testing of hypotheses in this study used multiple regression analysis methods. This analysis test is used to find out how independent variables affect dependent variables. As for the regression equation used, it is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Information:

Y = Profitability

$\alpha$  = Constanta

$\beta_1$  = Company Size regression coefficient

$\beta_2$  = *Debt to Equity Ratio* regression coefficient

X<sub>1</sub> = Company Size

X<sub>2</sub> = *Debt to Equity Ratio*

$\varepsilon$  = *Error Term*

### 3.4 Test of Classical Assumptions

This study uses secondary data obtained directly from the object of study, namely the Indonesian Manufacturing company Cigarette Sub-Sector, so to determine the accuracy of the model, it is necessary to test several classic assumptions underlying the regression model. The tests of classical assumption tests used in this study include normality tests, multicollinearity tests, heteroskedasticity tests and autocorrelation tests. With the following explanation:

#### 1) Normality Test

This test is used to see whether the research data has a normal distribution or not, which is seen from the residual value using the Jarque Bera (J-B) test. In this study, the significance level used  $\alpha = 0.05$ .

#### 2) Multicollinearity Test

According to Ghozali (2016) in multicollinearity testing aims to find out whether the regression model found a correlation between independent variables or free variables. A good regression model should not have the problem of multicollinearity. According to Ghozali (2013) stated if between independent variables there is a fairly high correlation, which is above 0.9, then this is an indication of multicollinearity.

#### 3) Heteroskedasticity Test

The heteroskedasticity test aims to test whether in the regression model there is an inequality of *variance* from the residuality of one observation of the validity of another. A good regression model is one that is homoskedasticity or does not occur ghozali heteroskedasticity (2013). Detection of the presence or absence of heteroskedasticity can be done with the White Test.

#### 4) Autocorrelation Test

Autocorrelation usually arises in *time series* data. According to Ajija (2011) argues that autocorrelation shows a correlation among the members of a series of observations sorted by time and space. One way to test for the presence or absence of autocorrelation is to perform the Durbin-Watson Test (DW Test).

### 3.4 Hypothesis Test

This hypothesis testing is carried out to determine the influence between independent variables and dependent variables, either test the regression coefficient together (F-test) or individual regression coefficient test (t-test). In addition, a coefficient of determination test will be carried out ( $R^2$  Test) to determine the level of accuracy of estimates in regression analysis.

#### 1) F-Test (Synchronous Test)

This test basically shows whether all the independent variables or free variables entered into the model have a joint influence on the dependent variables or bound variables according to Ghozali (2013). This F-test was conducted to show the Company Size and *Debt to Equity Ratio* (DER) simultaneously are an explanation of a significant effect on Profitability.

#### 2) T-test (Partial Test)

This test was carried out to find out how far each partially free variable has a significant influence on bound variables according to Ghozali (2013). This t-test is carried out to show whether the Company Size and *Debt to Equity Ratio* (DER) are

individually in explaining variations in Profitability. This test was carried out to find the greatest influence among independent variables on dependent variables.

### 3) Coefficient of Determination ( $R^2$ )

The coefficient of determination is used to determine the amount of contribution of independent variables, namely company size and *debt to equity ratio* to profitability. The value of  $R^2$  is located between 0 to 1 ( $0 \leq R^2 \leq 1$ ). If the value of  $R^2$  approaches the value of one (1) then the stronger the ability of the independent variables to describe their dependent variables, on the contrary if the value of  $R^2$  is close to the value of zero (0) then the ability of independent variables to explain their dependent variables is getting weaker and finite.

## IV. Discussion

### 4.1 Research Results

**Table 2.** Statistical Descriptive Analysis

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
SIZE	20	15.16	27,93	397,78	19,8890	4,77403
Der		20am	1,10	-4,83	-0,2415	2,27890
		-8.34pm				
Roa		20am	0,36	1,68	0,0840	0,18248
		-0.38pm				
Valid N (listwise)	20					

Source: Processed Results spss v20, Processed By Author, 2022.

Based on Table 2, it shows the amount of data used in this study is as many as 20. The company size (SIZE)(X1) shows a minimum value of 15.16 maximum value of 27.93 and a sum of 397.78. The average value is 19.8890 with a standard deviation of 4.77403. A standard deviation smaller than the average value indicates a small distribution of data variables between the lowest and highest enterprise size (SIZE)(X1). *Debt to equity ratio* (DER)(X2) shows a minimum value of -8.34 maximum value of 1.10 and sum of -4.83. The average value is -0.2415 with a standard deviation of 2.27890. A standard deviation greater than the average value indicates that the distribution of variable data is large and there is a large gap. Profitability (ROA)(Y) shows a minimum value of 0.38 maximum value of 0.36 and sum of 1.68. The average value is 0.0840 with a standard deviation of 0.18248. A standard deviation greater than the average value indicates that the distribution of variable data is large and there is a large gap.

**Table 3.** Multiple Linear Regression Analysis Coefficients<sup>a</sup>

Type	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.210	0.144		1.465	0.161		
1 SIZE	-0.006	0.007	-0.148	-0.810	0.429	0.946	1.057
Der	0.056	0.015	0.698	3.814	0.001	0.946	1.057

a. Dependent Variable: ROA

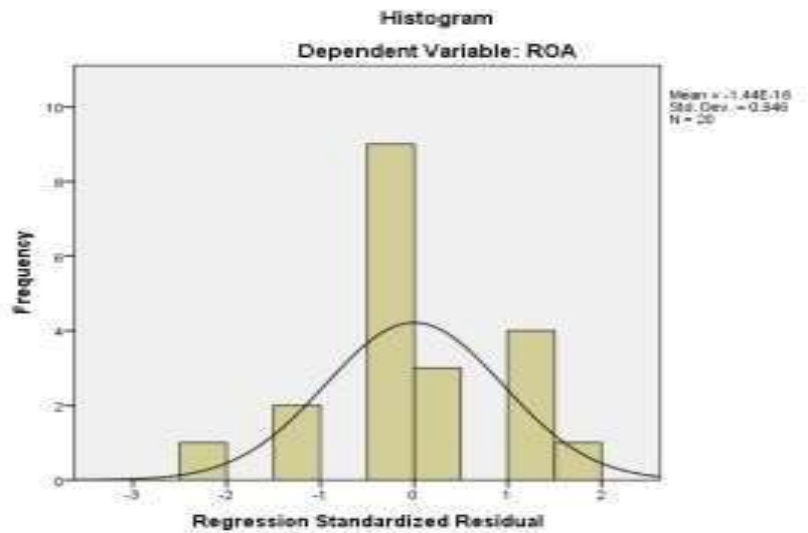
Source: Processed Results SPSS v. 20, Processed By The Author, 2022

Based on Table 3, the results of the multiple linear regression test are found in the regression coefficient column. Standards of multiple linear regression equations can be obtained results, as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

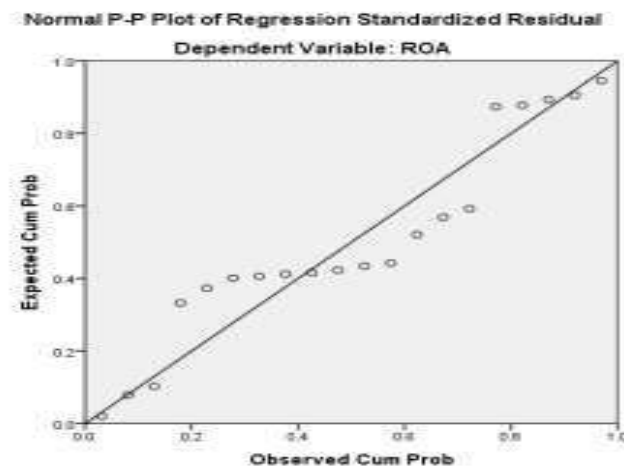
$$Y = 0.210 + -0.006X_1 + 0.056X_2 + 0.144$$

The value of the constant is 0.210. This value can be interpreted if the size of the company (SIZE)(X1) and *debt to equity ratio* (DER)(X2) affect profitability (ROA)(Y), then the value of the influence of the variable company size (SIZE)(X1) and *debt to equity ratio* (DER)(X2) is 0.210. It is known that the regression coefficient value of the company size variable (SIZE)(X1) is -0.006, which is a negative value. This means that when the size of the company (SIZE)(X1) decreases by 1 unit, then profitability (ROA)(Y) tends to decrease by 0.006. It is known that the value of the regression coefficient of the *debt to equity ratio* (DER) (X2) variable is 0.056, which is a positive value. This means that when the *debt to equity ratio* (DER)(X2) increases by 1 unit, then profitability (ROA)(Y) tends to increase by 0.056.



Source: Processed Results SPSS v. 20, Processed By The Author, 2022

**Figure 1.** Histogram Normality Test Results



Source: Processed Results SPSS v. 20, Processed By The Author, 2022

**Figure 2.** P-P Plot Normality Test Results

From Figures 1 and 2, it can be seen That the histogram graph is shaped like a bell and The normal *probability plot* graph shows that the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumption of normality.

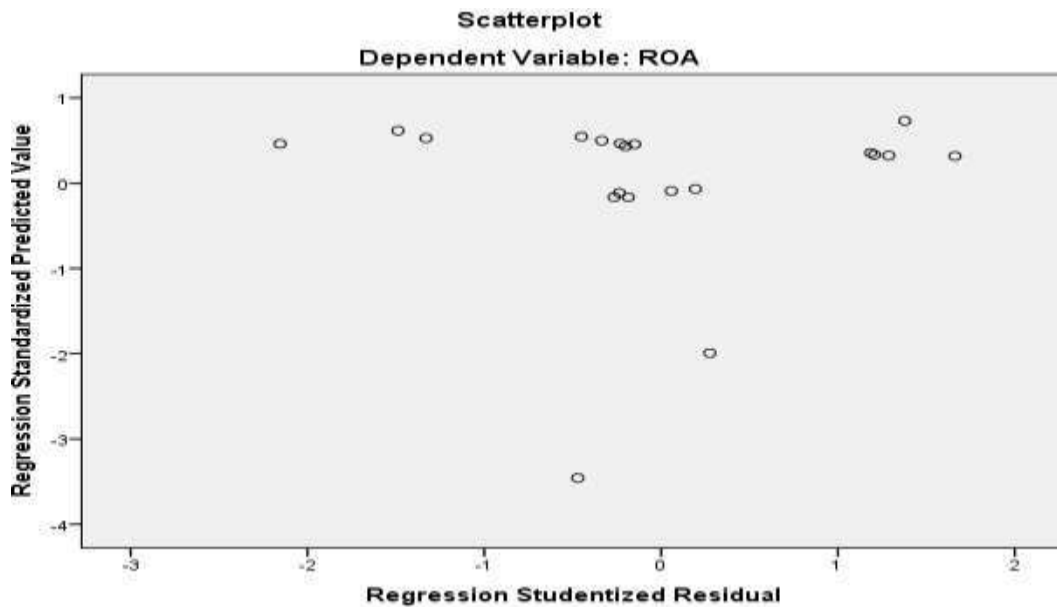
**Table 4.** Multicollinearity Test Results

Type	Collinearity Statistics	
	Tolerance	Statistics
1 SIZE	0,946	1,057
Der	0,946	1,057

a. Dependent Variable: ROA

Source: *Processed Results SPSS v. 20, Processed Author, 2022*

Table 4, it can be seen that no variable has a VIF value greater than 10 and a tolerance value smaller than 10%, which means that there is no correlation between free variables greater than 95%. So from the foregoing it can be concluded that there is no multicholinerity between free variables in the regression model.



Source: *Processed Results SPSS v. 20, Processed By The Author, 2022*

**Figure 3.** Heteroskedasticity Test Results

Based on Figure 3, it can be seen that the results of heteroskedasticity testing show that the points do not form a certain pattern or there is no clear pattern and the dots spread above and below the number 0 (zero) on the Y axis, then heteroskedasticity does not occur.

**Table 5.** Autocorrelation Test Results-Durbin Watson  
Model Summary<sup>b</sup>

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.679 <sup>a</sup>	0.491	0.398	0.14161	0.722

a. Predictors: (Constant), *Company Size* (X1), *Debt to Equity Ratio* (DER) (X2)

b. Dependent Variable: Profitability (Y)

Source: *Processed Results SPSS v. 20, Processed By The Author, 2022*

From the results of Table 5, it can be seen that the value of *Durbin Watson* (DW) is 0.722, it can be concluded that the data did not occur autocorrelation.

**Table 6.** Result Test F  
ANOVA<sup>a</sup>

Type	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	0,292	2	0,146	7.275	0.005 <sup>b</sup>
Residual	0,341	17	0,020		
Total	0,633	19			

a. Dependent Variable: ROA

b. Predictors: (Constant), DER, SIZE

Source: *Processed Results SPSS v. 20, Processed By The Author, 2022*

Based on Table 6, it shows that the calculated F value is 7.275 with a significance level of 0.005 the residual value is 0.341 with the numerator df = 2 and the denominator df = 17 while the Ftable is 6.26. Thus  $F_{\text{calculates}} > F_{\text{of the table}}$  and the significance level of  $< 0.05$  then H0 is rejected or H1 is accepted meaning that the variables of company size (SIZE)(X1) and *debt to equity ratio* (DER)(X2) together have a positive and significant effect on Profitability (ROA)(Y).

**Table 7.** Test Results t

Variable	t-count	Sig
SIZE	-0,810	0,429
Roa	0,698	0,001

Source: *Processed Results SPSS v. 20, Processed Author, 2022*

Based on Table 7, it shows the variable of company size (SIZE)(X1), if the significance level  $< 0.05$  then there is a significant influence between the variables of company size (SIZE)(X1) on profitability (ROA)(Y). If the significance level of  $> 0.05$  then there is no significant influence between the variables of company size (SIZE)(X1) on profitability (ROA)(Y). From the results of the analysis, it shows that the calculated value of t in the company size variable (SIZE)(X1) is -0.810 with a significance level of 0.429, so that based on these results it can be it was concluded that there was no significant influence of the company size variable (SIZE)(X1) on profitability (ROA)(Y), assuming that the other variables were constant. The *variable debt to equity ratio* (DER)(X2), if the significance level of the  $< 0.05$  then there is a significant influence between the variable *debt to equity ratio* (DER)(X2) on

profitability (ROA)(Y). If the significance level of the  $> 0.05$  then there is no significant influence between the *variable debt to equity ratio* (DER)(X2) on Profitability (ROA)(Y). From the results of the analysis, it shows that the *calculated* value of the *debt to equity ratio* (DER)(X2) variable is 0.698 with a significance level of 0.001, so that it is based on The result can be concluded that there is a positive and significant influence of the variable *debt to equity ratio* (DER)(X2) on profitability (ROA)(Y), with the assumption used, namely other variables are constant.

**Table 8.** Coefficient of Determination Test Result ( $R^2$ )  
Model Summaryb

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.679 <sup>a</sup>	0.491	0.398	0.14161

Source: Processed Results SPSS v. 20, Processed Author, 2022

From Table 8, it can be seen that the results of the coefficient of determination ( $R^2$ ) that have been carried out show that the influence of *independent* variables on dependent variables is large. The multiple correlation coefficient of R (*multiple correlation*) describes the strong relationship between the variables of company size (SIZE)(X1) and *Debt to Equity Ratio* (DER)(X2) together against the profitability variable is 0.491. This means that the relationship between the entire *independent* variable and the *dependent* variable is very close because the value of R is close to 1. Thus, it means that the profitability (ROA)(Y) of Cigarette Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange can be explained at around 49.1% by the variables of company size (SIZE)(X1) and *Debt to Equity Ratio* (DER)(X2), while the remaining 50.9% is explained by other variables beyond the variables in this research.

## 4.2 Discussion

### a. Effect of Company Size (X1) on Profitability (ROA)(Y)

From the results of data analysis and hypothesis testing that has been carried out in this study, it was found that there is no influence between company size (SIZE)(X1) on profitability (ROA)(Y) in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange. There is no significant effect, this indicates that the profitability (ROA)(Y) of cigarette sub-sector manufacturing companies contained in the Indonesia Stock Exchange is not determined by the size of the company (SIZE)(X1). The rise and fall of the company size (SIZE)(X1) does not affect the profitability (ROA)(Y) of the company. Company size (SIZE)(X1) can be said to be the company's ability to provide the amount and variety of production or service capacities. Based on the data and results, it shows that the size of the company (SIZE)(X1) has an effect and is not significant to the profitability (ROA)(Y) in the Cigarette Sub-Sector Manufacturing Company contained in the Cigarette Sub-Sector Manufacturing Company contained in Indonesia Stock Exchange, this is due to the increase in company size (SIZE)(X1) affecting changes in cigarette sub-sector manufacturing companies contained in the Indonesia Stock Exchange.

### b. Effect of *Debt-to-Equity Ratio* (DER)(X2) on Profitability (ROA)(Y)

From the results of data analysis and hypothesis testing that has been carried out in this study, it was found that there is an influence between *the debt to equity ratio* (DER) (X2) on profitability (ROA) (Y) in Cigarette Sub-Sector Manufacturing Companies on the Indonesia Stock Exchange. There is an influence that indicates that the profitability (ROA)(Y) of

cigarette sub-sector manufacturing companies contained in the Indonesia Stock Exchange is not determined by *the debt to equity ratio* (DER)(X2). The rise and fall of *the debt to equity ratio* (DER)(X2) can affect the profitability (ROA)(Y) of the company. *Debt to equity ratio* (DER)(X2) comparison between debt to equity. This ratio indicates the company's risk, where the lower the DER reflects the greater the company's ability to guarantee its debt with its equity. Based on data and results showing that *the debt to equity ratio* (DER)(X2) has a significant effect on profitability (ROA)(Y) in Cigarette Sub-Sector Manufacturing Companies on the Indonesia Stock Exchange, this is due to an increase in *the debt to equity ratio* (DER)(X2) affects changes in Cigarette Sub-Sector Manufacturing Companies contained in the Indonesia Stock Exchange.

### **c. Effect of Company Size and *Debt to Equity Ratio* (DER) on Profitability (ROA) (Y)**

From the results of data analysis and hypothesis testing that has been carried out in this study, it was found that there is an influence between company size (SIZE) (X1) and *debt to equity ratio* (DER) (X2) on profitability (ROA) (Y) in Cigarette Sub-Sector Manufacturing Companies on the Indonesia Stock Exchange. This significant influence indicates that the profitability (ROA)(Y) of cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange is determined by the company size (SIZE)(X1) and *debt to equity ratio* (DER)(X2). The rise and fall of the company size (SIZE)(X1) and *debt to equity ratio* (DER)(X2) affects the profitability (ROA)(Y) of the company.

## **V. Conclusion**

1. The size of the company (SIZE)(X1) has an insignificant effect on profitability in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange. The value of the company size (X1) that rises will affect the development of profitability (ROA)(Y) of the company. This is due to changes in profitability that occur in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange, which every period there is a decline and increase. So from the results of this explanation, the hypothesis was rejected.
2. Debt to equity ratio (DER)(X2) has a positive and significant influence on profitability (ROA)(Y) in Cigarette Sub-Sector Manufacturing Companies on the Indonesia Stock Exchange. The value of the debt to equity ratio (DER)(X2) that increases will affect the development of the company's profitability (ROA)(Y). This is due to changes in profitability that occur in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange, which every period there is a decline and increase. So from the results of the explanation, the hypothesis is accepted.
3. The size of the company (SIZE)(X1) and debt to equity ratio (DER)(X2) together have a positive and significant influence on profitability (ROA)(Y) in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange. This is due to changes in profitability that occur in cigarette sub-sector manufacturing companies on the Indonesia Stock Exchange, which every period there is a decline and increase. Therefore, from the results of this explanation, the hypothesis is accepted.

## References

- Brigham, Eugene F. Dan J.F. Houston. (2010). *Dasar-Dasar Manajemen Keuangan*. Edisi 11. Jakarta: Salemba Empat.
- Danang, S. (2013). *Metodologi Penelitian Akuntansi*. Bandung: PT Refika Aditama Anggota Ikapi.
- Darsono dan Ashari. (2010). *Pedoman Praktis Memahami Laporan Keuangan*. Yogyakarta: Penerbit Andi.
- Ghozali, Imam. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21*. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali. (2016). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS*. Semarang: Badan Penerbit Universitas Diponegoro.
- Hanaf, Mamduh dan Abdul Halim. (2012). *Analisis Laporan Keuangan*. Yogyakarta: (UPP) STIM YKPN.
- Hastuti, Niken. (2010). *Analisis Pengaruh Periode Perputaran Persediaan, Periode Perputaran Hutang Dagang, Rasio Lancar, Leverage, Pertumbuhan Penjualan dan Ukuran Perusahaan Terhadap Profitabilitas Perusahaan*. Skripsi. Sarjana pada Fakultas Ekonomi Universitas Diponegoro, Semarang.
- Kasmir. (2011). *Analisis Laporan Keuangan*. Jakarta: PT Raja Grafindo Persada.
- Kasmir. (2014). *Analisis Laporan Keuangan*. Cetakan Kelima. Jakarta: PT Raja Grafindo Persada.
- Kasmir. (2016). *Analisis Laporan Keuangan*. Jakarta: PT Raja Grafindo Persada.
- Lisa, P dan Jogi, C. (2013). *Analisa Faktor yang Mempengaruhi Likuiditas pada Industri Ritel yang Terdaftar pada Bursa Efek Indonesia Tahun 2007-2012*. Business Accounting Review. Vol 1. No.2.
- Murhadi, W. R. (2013). *Analisis Laporan Keuangan, Proyeksi dan Valuasi Saham*. Jakarta: Salemba Empat.
- Nurminda, Aniela, Isywardhana, Deannes, Nurbaiti, Annisa. (2017). *Pengaruh Profitabilitas, Leverage dan Ukuran Perusahaan Terhadap Nilai Perusahaan (Studi Pada Perusahaan Manufaktur Sub Sektor Barang Dan Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2012-2015)*. e-Proceeding of Management. 4 (1).
- Pebi, P.T., & Marsono. (2013). *Faktor-Faktor yang Mempengaruhi Audit Delay*. Journal of Accounting UNDIP., Halaman 1.
- Prihadi, T. (2012). *Memahami Laporan Keuangan Sesuai IFRS dan PSAK*. Jakarta: PPM.
- Riyanto, Bambang. (2013). *Dasar-Dasar Pembelian Perusahaan*. Yogyakarta: BPFE.
- Sartono, A. (2010). *Manajemen Keuangan Teori dan Aplikasi*. Edisi Keempat Yogyakarta: BPEE.
- Seftianne. (2011). *Faktor-faktor yang Mempengaruhi Struktur Modal Pada Perusahaan Publik Sektor Manufaktur*. Jurnal Bisnis dan Akuntansi, Vol. 13 No. 1.
- Sugiyono. (2016). *Metode Penelitian Kuantitatif, Kualitatif, R&D*. Bandung: IKAPI.