Factors Affecting Profit Growth in Hotel, Restaurant and Tourism Sector Companies Listed on the Indonesia Stock Exchange

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Abstract— *Seeing a decrease in profits at the company will show that the company's performance is not good so that it will affect investors' decisions to invest in the company. Profit growth indicates that the company has good finances or not. Financial ratios can be used as predictors of future profit growth, which is quite useful information for users of financial statements who have a real or potential interest in a company. Therefore, it is important for a company to know the company's financial performance on company profits. Profit growth can be influenced by several factors such as financial ratios. This research was conducted on hotel, restaurant and tourism sector issuers listed on the Indonesia Stock Exchange in 2018 to 2022. The population used in this study were hotel, restaurant and tourism sector issuers listed on the Indonesia Stock Exchange in 2018 to 2022 as many as 11 company. The method used in this study was purposive sampling so that a sample of 10 companies was obtained. the type of data used in this research is quantitative, the data source used in this research is secondary data. The data collection technique used is documentation. The data analysis technique used in this study is multiple linear regression analysis.*

Keywords— *Profit growth, liquidity, solvency, activity, profitability*.

I. Introduction

Tourism is a potential sector that can be developed as a source of income. The development of tourism also encourages and accelerates economic growth. Tourism activities create demand, both consumption and investment which in turn will lead to production of goods and services. Hotels, restaurants & tourism is one of the businesses that is quite exciting because this sector is growing rapidly because tourism is a potential sector that must be developed and maintained to encourage the development of a country or tourist area.

This is proven by the government's incessant promotion of Indonesian tourism and the construction of many hotels so that many visitors want to use the facilities available at these hotels. Hotels are a part of the tourism sector which plays an important role, hotels have a main product for sale, namely lodging services. Over time, hotels not only provide lodging and room rental services, but also provide other needs of consumers such as restaurants and other services that can meet consumer needs. However, the Covid-19 pandemic, which has gradually over the last 3 years, has had a major impact on the business world with an uncertain direction in economic development. This applies to companies operating in the Restaurant, Hotel and Tourism sub-sector for the past three years which have felt a major impact due to the Covid-19 pandemic.

Seeing a decrease in profits at the company will show that the company's performance is not good so that it will affect investors' decisions to invest in the company. Profit growth indicates that the company has good finances or not. Financial ratios can be used as predictors of future profit growth, which is quite useful information for users of financial statements who have a real or potential interest in a company (Oktato & Amin, 2014). Therefore, it is important for a company to know the company's financial performance on company profits (Munawir, 2016). Profit growth can be influenced by several factors of financial ratios.

Liquidity Ratio generally include cash, securities, accounts receivable, and inventories. Meanwhile, current liabilities consist of trade payables, short-term notes, debt maturities of less than one year, actual taxes and other actual expenses. Liquidity Ratio is one of the factors that affect profits because the higher the Liquidity Ratio shows the effectiveness of the company from the inability to pay obligations, which can cause an increase in fines, so that it can increase the profit earned (Rice, 2016). Another theory is also obtained, namely that with large current assets, the company's operational activities will run smoothly so that the income earned increases and this results in the profit earned also increasing (Silalahi, 2016).

solvency ratio is a measure used in analyzing financial statements to show the amount of collateral available to creditors. So, it can be said that the solvency ratio is the ratio that compares the debt owned by a company with its capital. solvency ratio is calculated by comparing total liabilities to equity or capital owned by the company. A high solvency ratio indicates that many of the company's operational activities are funded by funds from outside the company (debt) which is likely to help the company's performance prospects in maximizing profits or profits (S. Kurniasih, 2018). solvency ratio is one of the factors that affect profits because the use of high debt will increase profits for the company (Silalahi, 2016). Conversely, the lower the solvency ratio, the higher the level of funding provided by the owner and the greater the security limit for borrowers in the event of a loss or depreciation of asset values and will affect profit growth (Puspasari, 2017).

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The greater the value of activity ratio, the greater the sales value of a company and the profit earned can also increase. activity ratio is one of the factors that affect profit because this ratio is used to measure how efficiently these assets have been used to generate income so that this ratio can be used to predict profit. The faster the assetturnover rate, the faster the net profit will be generated (Silalahi, 2016).

Profatibility ratio is a ratio that interprets a company's efficiency level, namely the extent to which a company's ability to reduce its operational costs in a certain period. The greater this ratio the better because the company's ability to earn profits through sales is quite high and the company's ability to reduce its costs is quite good (Hery, 2017). The way to calculate this ratio is by comparing the net profit with the company's sales. Profatibility ratio is one of the factors that affect profit because a high Net Profit Margin indicates a high company ability to generate net profit on certain sales. If the Profatibility ratio increases, future income is expected to increase, this is because the net profit income is greater than the operating income so that the ability to generate net profit increases which will ultimately increase revenue (Silalahi, 2016).

II. LITERATURE REVIEW

Profit Growth

According to Suwardjo (2016), profit is interpreted as a reward for the company's efforts to produce goods and services. This means that profit is the excess of revenue over costs (total costs inherent in production activities and delivery of goods/services). According to Hery (2016), profit describes management's performance in generating profit to pay creditors' interest, investor dividends, and government taxes. From some of the opinions of the experts above, it can be said that profit is the result of profits from the company's efforts to produce goods and services that project management performance on business operating activities in generating profit. Profit used in this study is profit after tax (Earning after tax). The indicator used in measuring profit growth is using the ratio of current year's net profit (Yt) minus the previous year's net profit (Yt-1) to the previous year's net profit (Yt-1) (Harahap, 2017).

Liquidity Ratio

The Liquidity Ratio is used to measure a company's ability to meet short-term financial obligations, including short-term debt. This ratio is shown by the size of current assets. How quickly the company fulfills its financial performance, generally short-term liabilities. (V. Wiratna Sujarweni, 2017:60). The liquidity ratio, also known as the working capital ratio, is the ratio used to measure how liquid a company is. You do this by comparing the components on the balance sheet, namely total assets with total current liabilities (Kasmir, 2016: 130). From the several definitions of the liquidity ratio above, it can be said that the liquidity ratio is a ratio that describes a company's ability to meet financial obligations in the short term with available current funds.

Solvency Ratio (Leverage Ratio)

The Solvency Ratio is a ratio that measures the comparison of funds provided by the owner with funds borrowed from the company's creditors. This ratio shows the extent to which the company's assets are financed by debt. (Kasmir, 2016: 151). The Solvency/Leverage ratio is used to measure a company's ability to fulfill all of its short-term and long-term obligations (V.Wiratna Sujarweni, 2017:61). From several explanations from experts, it can be concluded that the solvency ratio is the ratio used to determine the ability of a company by looking at assets sourced from corporate debt to meet both short-term and long-term obligations.

Activity Ratio

The activity ratio is the ratio used to measure the effectiveness of a company in using its assets and to measure the level of efficiency in the utilization of company resources. (Kasmir, 2016: 172). The activity ratio is used to measure the level of effectiveness in the use of company assets or assets, how far the company's assets are financed with debt or financed by outsiders. Outsiders of business are investors and banks. (V. Wiratna Sujarweni, 2017:63). From several definitions according to experts regarding the activity ratio, it can be concluded that the activity ratio is the ratio used to measure a company's efficient use of company resources, whether measured from sales, inventory, debt collection, etc. or the ratio used to assess the ability of a company carry out daily activitie

Profitability Ratios

The profitability ratio is the ratio to assess the company's ability to make a profit. (Kasmir, 2016: 196). Profitability ratios are used to measure the level of compensation or gain compared to sales or assets, measuring how much a company's ability to earn profits in relation to sales, assets or profits and own capital.

Research Hypothesis

A hypothesis is a provisional assumption or a temporary answer to a problem that is presumptive because it still has to be proven true. Based on the background, theoretical basis, previous research results and framework, the following hypotheses can be built:

H1: liquidity ratios, solvency ratios, activity ratios and profitability ratios have a significant effect on profit growth.
H2: the liquidity ratio has a positive and significant effect on profit growth.
H3: solvency ratio has a positive and significant effect on profit growth.
H4: activity ratio has a positive and significant effect on profit growth.
H5: profitability ratios have a positive and significant effect on profit growth

III. RESEARCH METHODS

The population in this study are all hotel, restaurant and tourism companies listed on the Indonesian Stock Exchange (IDX) for the 2018-2022 period. There are 11 hotel, restaurant

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and tourism sector companies listed on the Indonesia Stock Exchange (IDX), consisting of hotel, restaurant and tourism sector companies. The method of determining the sample in this study is purposive sampling which is a sampling technique with special considerations so that it is suitable as a sample (Juliansyah, 2016: 155).

IV. Results And Discussion

Simultaneous Significant Test Results (F-Test Test)

The results of calculations based on the significant F test (F-test) that have been carried out show that the significant value is 0.009, which means that the significant value is smaller than the specified confidence level, which is 5% or 0.05 then H0 is rejected and H1 is accepted so it can be concluded that the independent variables consisting of Liquidity ratio, solvency ratio, activity ratio and profitability ratio have a significant influence on profit growth

Partially Significant Test Results (t-test)

Based on the results of the partial significant test t (t-test) that has been carried out on the independent variable liquidity ratio shows that the fall test statistics are in the area of acceptance of H0 and the results of t count are smaller than t table, then H0 is accepted. It was concluded that the liquidity ratio partially did not affect the company's profit growth

Based on the results of the partial significant test t (t-test) that has been carried out on the independent variable solvency ratio shows that the drop test statistic is in the acceptance area $H0$ and t count is smaller than t table, then $H0$ is accepted. It can be concluded that the solvency ratio partially has no significant effect on profit growth.

Based on the results of the partial significant test t (t-test) that has been carried out on the independent variable the ratio of activity shows that the drop test statistic is in the rejection area $H0$ and t count is greater than t table, then $H0$ is rejected. It was concluded that the activity ratio partially has a significant effect on profit growth.

Based on the results of the partial significant test t (t-test) that has been carried out on the independent variable ratio of profitability shows that the fall test statistic is in the rejection area $H0$ and t count is greater than t table, then H0 is rejected. It was concluded that the profitability ratio partially has a significant effect on profit growth.

Discussion of Hypothesis Test Results

Liquidity ratio partially does not affect profit growth in the company. Thus the liquidity ratio has a negative and insignificant effect on profit growth. This can be interpreted that the company's ability to fulfill its short-term obligations does not guarantee the availability of working capital to support the company's operational activities, so that the profit to be achieved is not as expected.

Thus the solvency ratio has a negative and insignificant effect on profit growth. This indicates that the low Debt to Equity Ratio has little effect on the increase in profit growth. The cause of the solvency ratio has an insignificant effect on profit growth because there is no work efficiency of the company in optimizing its own capital to guarantee all of the company's debts. This means that the company's capital structure is dominated by debt compared to capital the activity ratio has a positive and significant influence on profit growth because this indicates the effectiveness of a company in using its fixed assets, the faster the turnover of assets in a company, the resulting net profit will also increase. This can be used by companies in utilizing assets to increase sales which affect the income generated.

Thus, the profitability ratio has a positive and significant influence on profit growth. This is because the net profit income is greater than the operating income so that the ability to generate net income increases which will ultimately increase net profit. The higher the profitability ratio also shows the level of effectiveness of the company to reduce unnecessary costs in carrying out its operational activities.

V. Conclusion

Based on the results of the analysis and discussion that have been described, it can be concluded as follows:

1. Liquidity ratio, solvency ratio, activity ratio and profitability ratio have a significant influence on profit growth in hotel, restaurant and tourism sector companies listed on the stock exchange Indonesia (IDX)
2. Liquidity ratio has a negative and insignificant effect on profit growth in hotel, restaurant and tourism sector companies listed on the Indonesia Stock Exchange (IDX)
3. solvency ratio has a negative and insignificant effect on profit growth in hotel, restaurant and tourism sector companies listed on the Indonesia Stock Exchange (IDX)
4. activity ratio has a positive and significant effect on profit growth in hotel, restaurant and tourism sector companies listed on the Indonesia Stock Exchange (IDX)
5. profitability ratio has a positive and significant effect on profit growth in hotel, restaurant and tourism sector companies listed on the Indonesia Stock Exchange (IDX)

VI. Limitations And Suggestions

This study has limitations, namely the involvement of other variables that can affect employee performance. For further researchers to examine different organizations, as well as the involvement of other variables such as job satisfaction that can affect employee performance.

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