Effect of Capital Structure on Profitability at PT. Indofood CBP Sukses Makmur Tbk on Indonesia Stock Exchange

Diana Isnaeni[1], Mas'amah[2]

[1,2]Pawyatan Daha University Kediri Indonesia

ABSTRACT: The purpose of this study was to determine the effect of capital structure on profitability at PT. Indofood CBP Sukses Makmur Tbk on the Indonesian stock exchange. The variable used in this research is structure capital (independent variable) consisting of DER and DAR as measured using ratio with units of percent and profitability as measured using the Net Profit Margin (NPM) ratio in percent units. Pop u lasi in this research is the entire financial statements of PT. Indofood CBP Sukses Makmur Tbk which is registered at exchange effect Indonesia (201 5 -202 2), whereas sample in study This that is report position financial per quarter and profit and loss per quarter from the year 201 5 -202 2 at PT. Indofood CBP Success Prosperous Tbk. Data collection using documentation techniques. The method in this study uses multiple linear analysis methods with a probability of 0.05 The regression results show that partially the structure Capital Debt To Equty Ratio (DER) has a significant effect on profitability with a significance level of 0.000 and variable Debt To Asset Ratio (DAR) has a significant effect on profitability. with a significance level of 0.001 . Simultaneously capital structure (DER, DAR,) has a significant effect on profitability (NPM) with a significance level of 0.000 at PT. Indofood CBP Success Prosperous Tbk On the Stock Exchange Indonesia. From the two independent variables (DER, DAR) it can be concluded that what has the dominant influence on profitability (NPM) is the Debt To Equity Ratio (DER) variable with a significance level of 0.000

KEYWORDS: DER, DAR, NPM. Profitability, Indonesia Stock Exchange

I. INTRODUCTION

In the business world, both the government and private sectors are generally inseparable from capital problems. The problem of capital in a company is a problem that never ends, considering that the problem of capital contains so many aspects and many consequences related to it.

Capital structure is an illustration of the form of the company's financial proportions namely between the capital owned which comes from long-term debt (long-term debt). liabilities) and own capital (shareholders equity) which are sources of financing for a company company (Fahmi, 2015 :184). According to Husnan and Enny Pudjiastuti (2015) the theory of capital structure explains whether changes in the composition of funding will affect firm value and whether investment decisions and dividend policies taken by companies are constant.

Profitability is used as a reference for the success of a company. Because a high value describes a high level of profit and company efficiency and can also be from the level of income and cash flow. This profitability ratio will reveal the final results of all financial policies and operational decisions made by the management of a company. Therefore it is important for companies to measure the level of profitability of their companies and it is also important for investors and potential investors to know the level of profitability of the companies in which they invest their funds.

PT Indofood CBP Sukses Makmur Tbk. (formerly PT. Indofood Sukses Makmur Tbk, PT Gizindo Primanusantara, PT Indosentra Pelangi, PT Indobiskuit Mandiri Makmur, and PT Ciptakemas Abadi) (IDX: ICBP) was founded in 1990 by Sudono Salim under the name Panganjaya Intikusuma, is a producer of various types of food and beverages headquartered in Jakarta, Indonesia. This company was later changed to the name Indofood in 1990. Indofood exported its food ingredients to Australia, Asia and Europe and transformed into a Total Food Solutions company with operational activities covering all stages of the food production process, from the production and processing of raw materials to the processing of raw materials. final product available on the shelves of retailers. As a food pioneer company, Indofood has a mission to continue to innovate, focus on consumer needs, provide big brands with unrivaled performance, provide quality products that are loved by consumers, continue to improve the quality of life for Indonesian people, contribute to the welfare of society and the environment in a sustainable manner, and continue to

increase the income of shareholders (Ayuwuragil: 2023)

As of March 2021, the Company posted a 27% increase in consolidated net sales to IDR 24.55 trillion compared to IDR 19.30 trillion last year. Operating profit rose 43% to Rp4.91 trillion from Rp3.43 trillion, and operating profit margin increased to 20.0% from 17.8%. Profit for the period attributable to owners of the parent grew 23% to Rp1.73 trillion from Rp1.40 trillion, and net profit margin slightly decreased to 7.0% from 7.3%. Core profit increased 50% to IDR 2.29 trillion from IDR 1.52 trillion. The company's financial performance shows a very significant increase in profit and at the same time indicates an attractive level of company profitability. Therefore, researchers are interested in researching PT Indofood CBP Sukses Makmur Tbk, especially the effect of its capital structure on profitability.

Several studies or scientific studies examining the effect of capital structure on profitability have been carried out. Research conducted by Ansar, (2017) states that capital structure has no significant effect on profits or in other words that changes in capital structure do not have a significant effect on achieving company profits. Siti Putri, Siti Wahyuni (2021) in her research stated that the independent variable from the capital structure consisting of the Debt To Asset Ratio (DAR) has a negative effect on profitability while the capital structure is measured by the Debt To Equity Ratio (DER) has a significant positive effect on profitability (ROE). Temporary Alimuddin, Hariyanti (2016 **)** The results of his research show that states that working capital has a positive and not significant effect on profitability. Laia's, Bernard Pramuni (2019) research shows that capital structure consisting of debt to equity ratio (DER) and debt to asset ratio (DAR) has no effect on profitability as measured by ROE , while capital structure is measured by current ratio (CR). has an influence on Profitability as measured by ROE. Wahyuni, Ira Tri (2019) in his research entitled the effect of capital structure on firm value with company growth shows the result that capital structure has a positive influence on firm value, company growth can strengthen the effect of capital structure on firm value and profitability can affect capital structure on company value . Study Syarifuddin, Fathoni (2021) shows that capital structure as measured by DAR has a negative and significant effect on profitability as measured by ROE. While the capital structure as measured by DER has a negative effect and does not significantly to profitability as measured by ROA. Research Marusya, Pontororing (2016) from the results of partial hypothesis testing, the capital structure of DAR and DER has a significant effect on ROA, while simultaneously the independent variables consisting of DAR and DER have a significant effect on ROA

The majority of previous studies measured profitability using Return on Assets (ROA) and Return on Equity (ROE). In this study, researchers measure profitability with using Net Profit Margin (NPM). Net Profit Margin (NPM) is used to measure how much the company's ability to obtain profits that are the rights of shareholders company. Profit is the main factor in measuring the level of effectiveness and efficiency of a company with all the funds and resources in the company. If a company has a Net Profit Margin (NPM) percentage of more than 10%, the company's profitability is considered very good. Therefore researchers are interested in using Net Profit Margin (NPM) as an indicator of profitability in this study writer interested for do research with the title: "The Effect of Capital Structure on Profitability at PT. Indofood CBP Sukses Makmur, Tbk on Indonesia Stock Exchange.

II. LITERATURE REVIEW

Structure Capital

According to (Fahmi, 2014:175) "structure capital is description from form the proportion of the company's finances, namely between owned capital sourced from debt period long (long-term liabilities) And capital Alone (shareholders'equity) Which become sources of financing". According to Sjahria & Purba (2013:37) as for ratio structure capital that is:

a.   Debt equity Ratio (DER)

This ratio is used to measure the balance between the liabilities held company with own capital. This ratio also means the ability of the company in fulfilling the obligation to pay its debts with its own capital guarantee. As for formula to find DER that is

$$DER = \frac{\text{Total Debt}}{\text{Total Capital Alone}}$$

b.   Debt To Asset Ratio (DAR)x 100%

This ratio is used to determine how much the company's assets are financed with debt. The higher this ratio means the greater the amount of loan capital Which used for investment on assets To use produce profit for company. As for formula DAR that is

$$DAR = \frac{\text{Total Hutang}}{\text{Total Aktiva}} \text{X } 100\%$$

c. Long Term Debt to Equity Ratio (LDER)

This ratio is used to show the relationship between term loan amounts long Which given creditor with amount capital Alone Which given by company. Ratio This used for measure how much big comparison between long-term debt with own capital or how much long-term debt guaranteed owner's equity. Formula LDER that is:

$$LDER = \frac{\text{Total Debt Period Long}}{\text{Total Capital Alone}} \quad x100\%$$

PROFITABILITY

According to Suad Husnan & Enny Pujiastuti (201 5 :233), profitability is ratio to measure how far the company's ability to generate profits from its sales, from its assets, or from its equity.

According to Sudana (2011:25) Types ratio profitability is as following:

a) return on assets (ROA)

Ratio This shows ability company with use whole active owned to generate profit after tax. This ratio is important for party management for evaluate effectiveness And efficiency management companyin managing all company assets. The greater the ROA, the more efficient it is use assets company. As for the formula return on assets (ROA)

$$ROA = \frac{\text{Profit After Tax}}{\text{Total Asset}} \quad x\ 100\%$$

b) return on equity (ROE)

This ratio shows the company's ability to generate profits after taxes by using the company's own capital. the higher the ROE, means the more efficient use capital Alone Which done party management company. As for formula return on equity (ROE):

$$ROE = \frac{\text{Profit After Tax}}{\text{Capital Alone}} \quad x\ 100\%$$

Net profit margins (NPM)

Ratio This measure ability company For produce profit clean from company sales. This ratio reflects the efficiency of all parts, namely production, personnel, marketing, and finance in the company. As for formula net profit margin ratio (NPM) that is:
on, personnel, marketing, and finance in the company. As for formula net profit margin ratio (NPM) that is:

$$NPM = \frac{\text{Profit After Tax}}{\text{Sale}} \quad x\ 100\%$$

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Capital Structure
    Debt to Equity
    Ratio (DER)
                                Profitabilitas
    Debt to Total               net profit margin (NPM)
    Assets Ratio
    (DAR)
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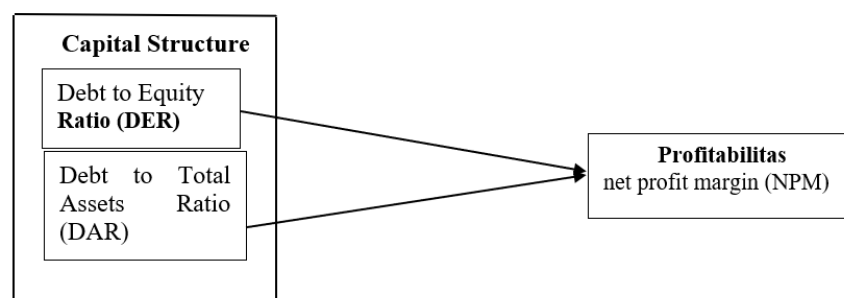
Figure1: Research Conceptual Framework

III. METHOD STUDY

This research was conducted on food and beverage companies that have publicized their shares on the Indonesian stock exchange, namely PT. Indofood CBP Sukses Makmur Tbk In Exchange Effect Indonesian. The design of this research starts from the initial stage, namely in the form of preparation to the next stage, namely the stage of writing and reporting the results of research that has beenobtained. The population in this study is all financial reports from 2015-2018 PT. Indofood CBP Sukses Makmur Tbk. The samples in this study are report finance quarter Which consists from report position finance And profit and loss 4 (four) last year, namely since 2015 - 2018 at PT. Indofood CBP Sukses Makmur, Tbk Which registered at Exchange Effect Indonesia (IDX).

Method collection data in study This that is documentation withstudy, classify and analyze secondary data in the form of notes, financial reports and other information related to the scope of this research. As for technique analysis data in study This that is with analysis finance And statistic analysis.

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IV. RESULTS AND DISCUSSION

Assumption Classic

a) Normality

Testing normality used For test data variable free (X) And data dependent variable (Y) in the resulting regression equation, is it normally distributed or not normally distributed. The regression equation is said to be good if it has data variable free And bound approaching distribution normal or normally the same very.
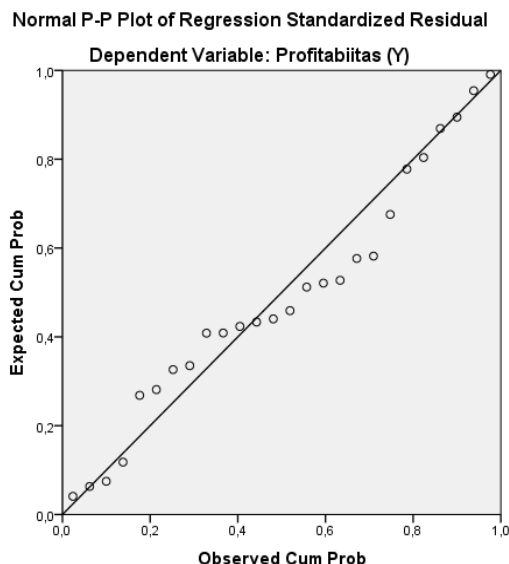
Picture 1. Results Test Normality
Source: output SPSS

Purpose, to test whether in a regression model, the dependent variable, the independent variable both have a normal distribution or not. In the Normal Probability Plot image above, you can see the dots spread around diagonal line, and its spread is close to the diagonal line. This shows that chart show pattern distribution approach normal or normally so model regression fulfilnormality assumption.

b) Multicollinearity

This multicollinearity test aims to test whether the regression model is foundthere is a correlation between independent variables or independent variables . If there is a correlation, then it is called a multicollinearity problem (multiko).model regression Which Good should No happen correlation between variable free. ForTo know whether there is multicollinearity of a regression model, it can be used Variances Inflation factor or VIF And tolerance with mark VIF<10 Then mark Tolerances >0.1 And not enough or The same with 1, so No happen multicollinearity on the contrary If mark VIF>10 Then mark Tolerance <0.1 And more from 1, so happen multicollinearity.

Tabel 1. Hasil Uji Multikolonieritas

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	,213	,028		7,603	,000		
	DER/Debt to Equity Ratio (X1)	,140	,028	1,651	4,967	,000	,176	5,690
	DAR/Debt to Asset Ratio (X2)	-,340	,092	-1,226	-3,690	,001	,176	5,690

a. Dependent Variable: Profitabiitas (Y)
Sumber: Output SPSS

The multicolonearity test results show that the tolerance value of variable free that is (DER, DAR,) more from 0.1. Then mark

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VIF worth not enough from
10. So it can be concluded that there is no multicollinearity so that regression models worthy worn.

c) Autocorrelation
The autocorrelation test was carried out with the aim of knowing whether there is a linear regression model correlation or confounding errors in period t with errors in period t-1 (previously). If happen autocorrelation so will become something problem autocorrelation.

Table 2. Results Test Autocorrelation

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,744^a	,553	,515	,01552	1,467

a. Predictors: (Constant), DAR/Debt to Asset Ratio (X2), DER/Debt to Equity Ratio (X1)
b. Dependent Variable: Profitabiitas (Y)
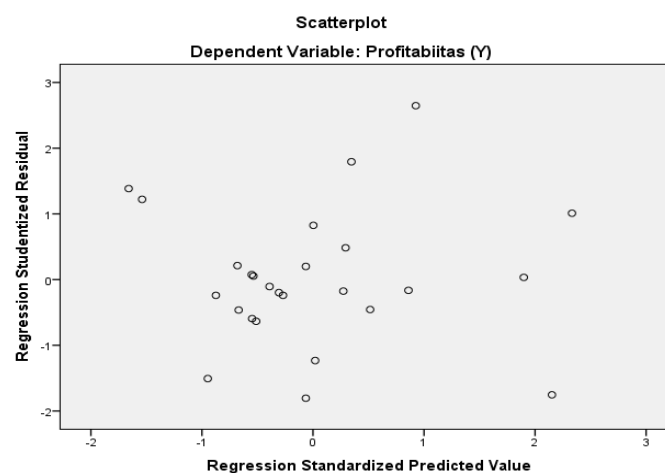**Sumber:** Output SPSS

Autocorrelation is a linear regression model. There is a relationship between confounding errors in period 1 and errors in period-1 (previously) (Singgih Santoso, 2002: 216). To detect autocorrelation symptoms, it can be seen from Durbin Watson (DW), however, in general, a benchmark can be taken. ;
1. Durbin Watson (DW) numbers below -2 means there is a positive autocorrelation.
2. Durbin Watson numbers (DW) between -2 to +2 means there is no autocorrelation.
From the regression results, the Durbin Watson (DW) value is 1,467, meaning that there is no autocorrelation because it is still below the +2 number.

d) Heteroscedasticity
Heteroscedasticity is a regression model, where there is an unequal variance of the residuals from one observation to another. If the variance of the residuals from one observation to another is constant, then it is called homoscedasticity by looking at whether there is a certain pattern on the chart. If there is a certain pattern, such as the dots (points) that form a certain regular pattern (wavy, widened then narrowed) then heteroscedasticity has occurred, and vice versa. From the regression results, there is no heteroscedasticity because the points spread above and below the number 0 on the Y axis.

Picture 2. Results Test Heteroscedasticity
Source: output SPSS

From the regression results, there is no heteroscedasticity because the points spread above and below the number 0 on the Y axis.

Test hypothesis
a)   Test Regression linear Double
Objective analysis regression linear double that is For know There is or nopeinfluence independent variable to dependent variable.

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Table 3. Results Test Analyst Regression Double And Test Partial (Test t)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	std. Error	Betas			tolerance	VIF
1 (Constant)	,213	,028		7,603	,000		
DER/Debt to Equity Ratio (X1)	,140	,028	1,651	4,967	,000	,176	5,690
DAR/Debt to Asset Ratio (X2)	-,340	,092	-1,226	-3,690	,001	,176	5,690

a. Dependent Variable: Profitabiitas Net Profit Margin (NPM)

Sumber: Output SPSS

From equality regression linear double in on so can concluded as following :

a = 0.213 this shows that if the DER value, DAR, is in a constant state and does not change (equal to zero), then profitability has value as big 0.213 . _

B_1 = -0.140 indicates that every time there is a 1% increase in the DER value, the value of NPM or Net Profit Margin going down as big - 0.140 % .

B_2 = -0.340 shows that every 1% increase in the DAR value, the NPM or Net Profit Margin value will decrease as big -0.340%

b) t-test (Testing Partially)

The t-test is intended to measure the magnitude of the direct influence of the variables DER against NPMs, DAR against NPM.

Based on results table 3 in on can concluded a number of decision as following:

1) Debt To Equity Ratio (DER) (X_1) terhadap Net Profit Margin (NPM) (Y)

Seen in the column coefficients model 1, variable X_1 (DER) has have mark coefficient regression as big -0.140 with t_{count} as big 4,967 with mark significant more small from mark probability (0.000 < 0.05).Based on that value it can be concluded that H_1 is accepted and H_0 is rejected , so that variable debt to equity ratio (X_1) in a manner Partial influential significant to Net Profit Margins (Y).

2) Debt To Asset Ratio (DAR) (X_2) terhadap Net Profit Margin (NPM) (Y)

Seen in the column coefficients model 1, variable X_2 (DAR) has has a regression coefficient value of -0.340 with a t_{count} of -3.690 with the significant value is smaller than the probability value (0.001 < 0.05). Based on value the it can be concluded that H_1 is accepted and H_0 is rejected, so the variable debt to asset ratio (X_2) partially has a significant effect on the Net Profit Margin (Y).

c) Test F (Testing kindly Simultaneous)

The F test was conducted to determine the effect of the DER and DAR variables on NPM in a manner together or simultaneous. Data processing done as following:

Table _ 4. Results F test

ANOVA [a]

Model	Sum of Squares	Df	MeanSquare	F	Sig.
1 Regression	,007	2	,003	14,248	,000[b]
Residual	,006	23	,000		
Total	,012	25			

a. Dependent Variable: Profitabiitas (Y)

b. Predictors: (Constant), DAR/Debt to Asset Ratio (X2), DER/Debt to Equity Ratio (X1)

Sumber: Output SPSS

Based on the regression results mentioned above, the influence of variables debt to equity ratio (DER), debt to asset ratio (DAR) to Net Profit Margin (NPM) can be explained based on the results of the F test analysis obtained in table 4 . The table shows that the $_{calculated\ F\ value}$ <F $_{table}$ (14.248 < 7.603). This means that H_0 is in acceptance area and H_1 is rejected. So the hypothesis that "It is suspected that capital structure(DER, DAR,) simultaneously has a significant effect on profitability (NPM) at PT. Indofood CBP

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Sukses M akmur Tbk.

d). Coefficient Determination

The coefficient of determination is used to determine the magnitude of the influence of the contributionDER, DAR, against NPMs . Following results processing coefficient determination.

Table 5. Results Test Coefficient Determination

Summary Model [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,744[a]	,553	,515	,01552	1,467

a. Predictors: (Constant), DAR/Debt to Asset Ratio (X2), DER/Debt to Equity Ratio (X1)

b. Dependent Variable: Profitabiitas (Y)

Sumber: Output SPSS

From the results processing above obtained the coefficient of determination, i.e. 0.515 . This matter means that the contribution of DER, DAR, to NPM during 201 5 - 202 2 is of 51.5% while the remaining 48.5 % influenced by other factors.

V. DISCUSSION

Based on results study about influence structure capital to profitability at PT. Indofood CBP Sukses Makmur Tbk on the Indonesia Stock Exchange. then there is a number of matter Which can described in study This, that is as follows:

Partial Effect of Debt To Equity Ratio (DER) on profitability (NPM). Fromregression results research shows that the value of the regression coefficient of -0.140 with value significant by 0, 000. These results show that significance level < 0.05 so that the capital structure as measured by the debt to equity ratio (DER) has an influence significant to profitability as measured by Net Profit Margin (NPM). This matter means that the debt to equity ratio (DER) has a significant effect on Net Profit Margin (NPM).

Meanwhile, the influence of the Debt to Asset Ratio (DAR) from the regression results shows that the regression coefficient value is -0.340 with a significance value of 0.001. significant to profitability as measured using Net Profit Margin (NPM). This means that Debt To Asset Ratio (DAR) has an influence on Net Profit Margin (NPM)

Simultaneously the effect of capital structure consisting of Debt To Equity Ratio (DER) and Debt To Asset Ratio (DAR) on Profitability Namely Net Profit Margin is very influential, this is evident from the results of the ANOVA test seen from the significance level of 0.000.

VI. CONCLUSION

After processing the capital structure variable data on profitability at PT. Indofood CBP Sukses Makmur Tbk Listed on the Stock Exchange Effect Indonesia can be concluded

from the regression results show that partially the structure Debt To Equty Ratio (DER) capital has a significant effect on profitability (NPM) with a significance level of 0.000 and the Debt To Asset Ratio (DAR) variable has a significant effect on profitability (NPM). with a significance level of 0.001 . Simultaneously capital structure (DER, DAR,) has a significant effect on profitability (NPM) with a significance level of 0.000 at PT. Indofood CBP Success Prosperous Tbk On the Stock Exchange Indonesia . From the two independent variables (DER, DAR) it can be concluded that what has the dominant influence on profitability (NPM) is the Debt to Equity Ratio (DER) variable with a significance level of 0.000

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