Factors Affecting the Profit of Coal Companies in Indonesian Stock Exchange (IDX)

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ABSTRACT

This study aims to examine the effect of Firm Size, Leverage, and Accrued Expenses on Profits in coal companies listed on the Indonesia Stock Exchange. The data used in this study is secondary data from as many as 8 coal companies listed on the Indonesia Stock Exchange for an observation period of 7 years so there are 56 observations. The sampling technique used is the purposive sampling method. The method used is panel data regression analysis. The results of the study show that simultaneously show that Firm size, leverage, and Accrued Expenses have a positive and significant effect on the profits of coal companies listed on the Indonesia Stock Exchange.

Keywords : Profit; Firm Size; Leverage; Accrued Expense; Coal Companies

ABSTRAK


Kata Kunci : Laba; Ukuran Perusahaan; Leverage; Beban Akrual; Perusahaan Batu Bara
INTRODUCTION

One of the strategic mining sectors in Indonesia is coal mining. Indonesia is the 5th ranked coal producing country in the world with a volume of 255.7 million tonnes of coal production in 2016 and is ranked 9th in the world in terms of global coal reserves (BP Statistical Review of World Energy, 2017). Therefore, optimal coal management is needed in order to explore the potential of coal in Indonesia. One effort that can be done is to involve the private sector in the development of coal mines in Indonesia. However, the mining sector requires very large investment costs, is long-term, and very risky, and there is high uncertainty of funding problems related to company development. Mining companies need a very large capital in conducting investigations of natural resources in mining development. So that many mining companies enter the capital market to obtain investment and to strengthen their financial position (Natalia, 2019).

Developments in today's business world are increasingly advanced and competition is getting tougher and economic conditions are uncertain, so that it becomes a challenge for companies to increase profits. Companies with high profits will have a positive impact on the growth of the company's industry. Increased profits company will have a good impact on the company, which can raise the value of the company, therefore, many investors are interested in investing in the company. In addition, companies with good profits will encourage good industrial growth for the company. Thus, the determinants of company profit are very important in providing insight to drive the performance of a company and provide valuable lessons for business executives and policy makers (Lazar, 2016).

Increasing the profit of a company will increase the value of a company, so that it will attract investors to invest in the company. There are several factors that affect profit, namely company size, leverage (debt) and accrual expenses. Company size is a determination of how small or large the company is. The higher the total assets owned indicates the more the company is classified as a large company. A company with a large size/scale and widely distributed shares have its own strengths in dealing with business problems and the company's ability to generate higher profits because the business is supported by large assets, so the company's constraints related to assets can be overcome (Azlina, 2009). Leverage is a ratio that shows how much debt is used to fund company assets, because mining companies need a very large capital and are obtained from loans from other parties. Syamsudin (2011) suggests that leverage is a tool to measure how far a company depends on creditors in financing company assets. Companies that have high leverage mean that they rely heavily on outside loans to finance their assets, while companies that have lower leverage finance their assets more with their own capital. Harahap (2016) also added that a good company should have a capital composition that is greater than debt because mining companies need a very large capital and obtained from loans from other parties.

Accrued expenses are costs that have been incurred but have not been paid in cash at the end of the accounting period. Accrued expenses are used to determine income when earned and to recognize expenses commensurate with revenue in the same period, regardless of when cash is received from the income.

This research has been carried out by many previous researchers including (Rifai, 2014) the results of the study show that company size, capital structure and company growth have an effect on profitability. While the results of research by Ratnasari (2016) show that leverage has a significant and negative effect on profitability, Liquidity has no significant effect on profitability, so does company size have an insignificant effect on
profitability. Accrual expenses are stated to have a positive effect on profits in Nuraini’s research (2014).

The results of observations made by (Agustina, 2018) show that Firm Size, Company Age, Leverage, and Profitability simultaneously have a significant effect on Profit Management. Partially, Firm Size and Profitability have no significant effect on Earnings Management, while Firm Age and Leverage have a positive and significant effect on Earnings Management. Based on the differences in the results of previous studies (research gaps) conducted by several previous researchers, namely Rifai (2014); Ratnasari (2016); Agustina (2018); and Nuraini (2014), the researchers tried to re-examine. The research was conducted on coal companies and because of the high level of coal company deb, many of them experienced losses in the 2014-2016 period.

**RESEARCH METHOD**

This research will generate several hypotheses in accordance with the formulation of the problems that have been described. This hypothesis is formed based on the theoretical basis as well as the empirical basis in the form of the results of previous studies. In forming the study hypotheses it is based more on the results of previous research or empirically while in the formation of a conceptual framework is based on a theoretical framework. Based on the formulation of the problem and the conceptual framework, the hypothesis in this study is: [H1] Firm size affects profits in coal companies listed on the Indonesia Stock Exchange; [H2] Leverage affects profits in coal companies listed on the Indonesia Stock Exchange; [H3] Accrual expenses affect profits in coal companies listed on the Indonesia Stock Exchange.

In combining the theory studied with the conditions that occur, it is proposed in the form of quantitative research. Secondary data is data taken in research. Secondary data taken as research data contains a summary of the company’s financial statements from the income statement and balance sheet which are processed to become the basis for financial ratio analysis. The objects observed in this study are Leverage, Accrued Expenses, profits of coal sub-sector companies listed on the Indonesia Stock Exchange for the 2013-2019 period.

The sample selection was determined using a purposive sampling method with the aim of obtaining a representative sample, namely representing the data to be examined according to the criteria. The criteria used are as follows: The companies in this study are coal companies listed on the Indonesia Stock Exchange for the 2013-2019 period, coal companies that published financial reports for 2013-2019 on the Indonesia Stock Exchange and coal companies that received profits during the 2013 – 2019 period. Based on the above criteria, there are 8 coal companies listed on the Indonesia Stock Exchange that meet the requirements as samples.

The data collected is financial report document data which is divided into balance sheets and profit and loss statements of companies in the Coal Mining Sub Sector which are listed on the Indonesia Stock Exchange for the 2013-2019 period. Data is collected by means of internet-based retrieval via the website (www.idx.co.id), journals, articles, and library books that support this research process.

Variables that influence or independent in the research conducted are firm size, leverage, and accrual expenses. While the variable that is affected is profit. The definition of each variable in the study can be defined as follows:

Proxied by the company’s total assets every year Suryaputri and Astuti (2003), firm size as measured by company assets shows how much assets the company owns.
Meanwhile, according to Harahap (2016): "Firm size is measured by the natural logarithm (Ln) of the company’s average total assets

\[
\text{Size} = \ln (\text{Total Assets})
\]  

(1)

According to Prastowo (2016), one of the leverage measuring tools is the Debt to Equity Ratio, which is the difference between total liabilities and total equity, as follows:

\[
\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}
\]  

(2)

Accrued expenses are costs that have been incurred but have not been paid in cash at the end of the accounting period. In this study, total accruals were calculated using the following model (Sumbari et.al., 2017):

\[
\text{TACCit} = \text{NIit} - \frac{\text{CFOit}}{\text{total assets} - 1}
\]  

(3)

In this study, profit is calculated from financial ratio indicators, namely Return on Assets. According to Mardiyanto (2009), Return on Assets can be measured as follows:

\[
\text{ROA} = \frac{\text{EBIT}}{\text{Total Assets}}
\]  

(4)

Proof of the hypothesis is carried out in data analysis activities whose activities include processing data that has been collected into a hypothesis. Quantitative data analysis is the analytical technique used in this research. While the analytical method used in this study is the panel data regression method to analyze the effect of the independent variables on the dependent variable. This model was chosen because this study was designed to determine the independent variables that have an influence on the dependent variable. The model in question is as follows:

\[
\text{Yit} = \beta_0 + \beta_1 \text{UKit} + \beta_2 \text{DERit} + \beta_3 \text{BAit} + e
\]

or

\[
\text{Profit} = \beta_0 + \beta_1 \text{UKit} + \beta_2 \text{DERit} + \beta_3 \text{BAit} + e
\]

(5)

Where: \( Y = \text{Profit}; \beta_0 = \text{Constant}; \ X_1 = \text{UK}; \ X_2 = \text{DER}; \ X_3 = \text{BA}; \ B = \text{Variable Regression Coefficient}; \ E = \text{Errors}.\)

Panel data is a combination of cross data and time series data (Kuncoro, 2015). Widarjono (2009) states that the least squares pooling method, the fixed effects approach, the random effects approach are some of the methods generally used in estimating regression models with panel data.

Comparison of the least square pooling model and fixed effects is the definition of the Chow Test (Widarjono, 2009). The chow test in this study used the Eviews program. The decision-making technique in the Chow Test is as follows (Gujarati, 2012): \[a\] If the significant value is <0.05, then the best model is panel data regression with FEM; \[b\] If the significance value is > 0.05, the best model is the CEM panel data regression.

The Hausmen test can be defined as "statistical testing to choose whether the Fixed Effect or Random Effect model is the most appropriate to use. This test compares the Fixed Effect model with Random Effect in determining the best model to be used as a panel data regression model" (Gujarati, 2012). The Hausman Test uses a program similar to the Chow Test, namely the Eviews program. According to Gujarati (2012), "the decision-making technique in the Hausman Test is as follows: \[a\] If the significance value is <0.05, then the
best model is panel data regression with FEM; [b] If the significance value is > 0.05, the best model is panel data regression with REM”.

Testing the hypothesis of this study is to test whether there is an influence between the independent variable (X), namely, UK (X1), DER (X2) and BA (X3) on profit as the dependent variable (Y), with the following steps:

The t test was conducted to see the effect of the independent variables on the dependent variable partially. If tcount > ttable with a significant level of 5%, it can be concluded that partially the independent variables have a significant effect on the dependent variable. If tcount < ttable with a significant level of 5%, it can be concluded that the independent variables have no effect on the dependent variable.

This test aims to determine the effect of the independent variables jointly on the dependent variable by looking at the significance value of F. If f\(_{\text{count}}>\ f_{\text{table}}\) with a significant level of 5%, it can be concluded that partially the independent variables have a significant effect on the dependent variable. If f\(_{\text{count}}<\ f_{\text{table}}\) with a significant level of 5%, it can be concluded that the independent variable has no effect on the dependent variable. (Ghozali, 2016).

Measurement of the determination coefficient is carried out to determine the percentage of independent variable influence on changes in the dependent variable. From this it is known how much the dependent variable can be explained by its independent variables, while the rest is explained by other causes outside the model.

According to Ghozali (2016), revealed that the value of the determination coefficient is between 0 and 1. The value of R\(_2\) which is small means that the ability of the independent variables to explain the variation of the dependent variable is very limited, a value close to 1 (one) means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. This means that if R\(_2\)= 0 indicates that there is no influence between the independent variables on the dependent variable, if R\(_2\) is greater and is close to 1, it indicates a stronger influence of the independent variable on the dependent variable and if R\(_2\) is smaller and is close to zero, it can be said that the influence of the dependent variable is getting smaller as well.

RESULTS AND DISCUSSION

Correlation analysis is a step that is useful to see how the independent variable relates to the dependent variable. Namely between the variables of company size, leverage and accruals to profit. The results of testing the correlation analysis in this study can be seen in table 1 as follows:

<p>| Table 1. Correlation Analysis Results |
|---|---|---|---|</p>
<table>
<thead>
<tr>
<th>Correlation Probability t-Statistic</th>
<th>Profit</th>
<th>Firm Size</th>
<th>DER</th>
<th>Accrual Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>1.000000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm Size</td>
<td>0.125469</td>
<td>1.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.929353</td>
<td>0.929353</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.3568</td>
<td>0.3568</td>
<td>1.000000</td>
</tr>
<tr>
<td>DER</td>
<td>-0.257777</td>
<td>0.088597</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-1.960527</td>
<td>0.653623</td>
<td>0.088597</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.0551</td>
<td>0.0551</td>
<td>1.000000</td>
<td>0.088597</td>
</tr>
<tr>
<td>Accrual Expenses</td>
<td>-0.092265</td>
<td>0.298046</td>
<td>0.112520</td>
<td>1.000000</td>
</tr>
<tr>
<td></td>
<td>-0.680914</td>
<td>2.294461</td>
<td>0.832133</td>
<td>0.112520</td>
</tr>
<tr>
<td></td>
<td>0.4988</td>
<td>0.0257</td>
<td>0.4090</td>
<td>0.298046</td>
</tr>
</tbody>
</table>

Source: Processed data (Output Eviews 9), 2021
Based on table 1 above, it shows that the firm size variable has a positive but not significant relationship to profit at the 5% level. DER has a negative and significant relationship to profit at the 10% level and the accrual expense variable has a negative but not significant relationship to profit at the 5% level.

In this study, four tests of classical assumptions were used where this test was carried out to determine whether there was a violation of the classical assumptions. The results of good hypothesis testing are tests that do not violate the classical assumptions that underlie the multiple linear regression model. The classic assumptions in this study include the normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

The data normality test was carried out to see whether in the regression model, the dependent variable and the independent variable have a normal distribution or not (Ikhsan, 2014). Following are the normality test results obtained from the Eviews 9 program which can be seen in Figure 1.

Based on Figure 1, it can be seen that the Jarque Bera value is 9.391 with a probability value of 0.009. The Chi Square table value is 74.46. Therefore, the Jarque Bera value is greater than the Chi Square table value and the probability value is below 0.05, this indicates that the data is not normally distributed. However, this normality problem can be ignored because the type of data used is panel data where the trend of the data will be different for each research object.

This test aims to determine the relationship of the independent variables linearly in the regression equation model used. The results of the multicollinearity test can be seen in table 1 showing that the output results between the variables in the regression have no correlation above 0.8, which means that this model is free from multicollinearity problems.

Testing the correlation in a model, whether or not there is a confounding error between the t period and the error in the t-1 period. According to Ghozali (2016) a good regression model is a model that has no autocorrelation in it. The autocorrelation test can be seen from the Durbin Watson value found in the Common Effect Model (CEM) regression results of 1.683. If the Durbin Watson value is between -2 to +2, it can be concluded that there is no autocorrelation in this study.

This heteroscedasticity test is used to test whether in the linear regression model the user error (e) has the same variance or not from one observation to another. This test is
used to determine whether the regression model has heteroscedasticity of the variance of the residual Ikhsan (2014). Heteroscedasticity occurs when the residuals and predictive values have a correlation or relationship pattern. To detect whether there is heteroscedasticity, by comparing the R-squared value and $X^2$ table (Gujarati, 2012): [a] If the Obs*R-squared value > $X^2$ (chi-square) table, then it does not pass the heteroscedasticity test; [b] If the Obs*R-squared value < $X^2$ (chi-square) table, then it passes the heteroscedasticity test.

The results of the heteroscedasticity test can be seen in table 2, which shows an obs*R-squared value of 0.192 greater than 0.05 seen from the Chi-Squared probability which passes heteroscedasticity.

Table 2. Heteroscedasticity Test Results

<table>
<thead>
<tr>
<th>Heteroscedasticity Test: White</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F-statistic</td>
<td>1.248701</td>
<td>Prob. F (3,52)</td>
<td>0.3016</td>
</tr>
<tr>
<td>Obs*R-squared</td>
<td>3.763165</td>
<td>Prob. Chi-Square (3)</td>
<td>0.2882</td>
</tr>
<tr>
<td>Scaled explained SS</td>
<td>4.736692</td>
<td>Prob. Chi-Square (3)</td>
<td>0.1921</td>
</tr>
</tbody>
</table>

Source: Processed data, 2021

After estimating the Common Effect Model (CEM), Fixed Effect Model (FEM), Chow test, Hausman test and Random Effect Model (REM), in this study it was determined to test the Fixed Effect Model (FEM) in analyzing panel data regression on factors affecting profits in coal companies listed on the Indonesia Stock Exchange in 2013 - 2019 consisting of firm size, leverage and accrual expenses. The results of the panel data regression analysis test show the effect of firm size, leverage and accruals on profits in coal companies listed on the Indonesia Stock Exchange as shown in table 3.

Table 3. Fixed Effect Model (FEM) Panel Data Regression Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-70.43280</td>
<td>44.08233</td>
<td>-1.597756</td>
<td>0.1171</td>
</tr>
<tr>
<td>UP</td>
<td>4.761009</td>
<td>2.398077</td>
<td>1.985345</td>
<td>0.0532</td>
</tr>
<tr>
<td>DER</td>
<td>-0.075888</td>
<td>0.022249</td>
<td>-3.410906</td>
<td>0.0014</td>
</tr>
<tr>
<td>BA</td>
<td>-7.680754</td>
<td>12.20990</td>
<td>-0.629060</td>
<td>0.5325</td>
</tr>
</tbody>
</table>

Effects Specification

Cross-section fixed (dummy variables)

- Root MSE: 5.524548 R-squared: 0.578924
- Mean dependent var: 12.24761 Adjusted R-squared: 0.485351
- S.D. dependent var: 8.590708 S.E. of regression: 6.162892
- Akaike info criterion: 6.649137 Sum squared resid: 1709.156
- Schwarz criterion: 7.046974 Log likelihood: -175.1758
- Hannan-Quinn criter.: 6.803378 F-statistic: 6.186895
- Durbin-Watson stat: 1.682705 Prob(F-statistic): 0.000007

<table>
<thead>
<tr>
<th>Perusahaan</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADRO</td>
</tr>
<tr>
<td>2</td>
<td>BSSR</td>
</tr>
<tr>
<td>3</td>
<td>GEMS</td>
</tr>
<tr>
<td>4</td>
<td>KKGI</td>
</tr>
<tr>
<td>5</td>
<td>MBAP</td>
</tr>
<tr>
<td>6</td>
<td>MYOH</td>
</tr>
<tr>
<td>7</td>
<td>PTBA</td>
</tr>
<tr>
<td>8</td>
<td>TOBA</td>
</tr>
</tbody>
</table>

Source: Processed data, 2021
Description: ADRO indicates the company of Adaro Energi Tbk. BSSR shows the company of baramulti suksesana Tbk. GEMS shows the golden energy mines company Tbk. KKGI shows the Indonesian natural resources company Tbk. MBAP shows the company of marabara adiperdana Tbk. MYOH shows the company samindo resource Tbk. PTBA shows the Bukit Asam coal mining company (Persero) Tbk. TOBA shows the company of Toba Bara Prosperous Tbk. Based on table 3 above, the regression equation that can be compiled in this study is as follows:

\[
\text{Profit} = -70,432 + 4,761_{UP} - 0.075_{DER} - 7,680_{BA} + e
\]

The output of panel data regression analysis through the Fixed Effect Model (FEM) above, it is known that: if the independent variables are considered constant, then in general the profit of coal companies listed on the Indonesia Stock Exchange is \(-70.43280\). The regression coefficient value is \(4.761\) indicating a positive (unidirectional) relationship which means that every 1% increase in \(UP\) causes profit to increase by 4.761%. The \(DER\) regression coefficient value is \(-0.075\) indicating a negative relationship (not unidirectional) which means that every 1% increase in \(DER\) causes profit to decrease by 0.075%. The \(BA\) regression coefficient value is \(-7.680\) indicating a negative relationship (not unidirectional) which means that every 1% increase in \(BA\) causes profit to decrease by 7.680%.

While the value of each intercept of each coal company is as follows: Adaro Energy Tbk is \(-64.146172\) (= \(-70.43280 + 6.286628\)), Baramulti Sukessarana Tbk is \(-70.285396\) (= \(-70.43280 + 0.147404\)), Golden Energy Mines Tbk \(-82.81076\) (= \(-70.43280 - 12.37796\)), Resource Alam Indonesia Tbk \(-78.744669\) (= \(-70.43280 - 8.311869\)), Mitrabara Adiperdana Tbk \(-60.35975\) (= \(-70.43280 + 10.07305\)), Samindo Resources Tbk \(-72.79634\) (= \(-70.43280 - 2.363540\)), Bukit Asam Tbk \(-59.44974\) (= \(-70.43280 + 10.98306\)) and Toba Bara Sejahtera Tbk \(-74.869583\) (= \(-70.43280 - 4.436783\)).

The company size variable obtained \(t\) count of 1.985345 and the value of \(t\) table \(df = (nk) (56 - 3) = 53\) at \(\lambda = 10\%\) is 1.692. This means that the size of the company has a theoretical and statistical effect on profits in coal companies listed on the Indonesia Stock Exchange. This is marked with a probability value of 0.05 <0.10. For the leverage variable proxied by \(DER\), the \(t\) count is \(-3.410906\) and the \(t\) table value \(df = (nk) (56 - 3) = 53\) at \(\lambda = 5\%\) is 1.674. This means that \(DER\) has a theoretical and statistical effect on profits in coal companies listed on the Indonesia Stock Exchange. This is marked with a probability value of 0.00 <0.05. Meanwhile, the \(t\) count of accrual expense variable is \(-0.629060\) and the \(t\) table value is 1.674. This means that accrual expenses do not affect profits in coal companies listed on the Indonesia Stock Exchange. This is marked with a probability value of 0.53 > 0.05 and the variable firm size, leverage and accrual expenses obtained \(F\) count of 6.186895 and \(F\) table value of 2.77. This means that company size, leverage and accrual expenses simultaneously have a positive effect on profits in coal companies listed on the Indonesia Stock Exchange. This is indicated by a probability value of 0.00 <0.05. Leverage and accrual expenses simultaneously have a positive effect on profits in coal companies listed on the Indonesia Stock Exchange. This is indicated by a probability value of 0.00 <0.05. Leverage and accrual expenses simultaneously have a positive effect on profits in coal companies listed on the Indonesia Stock Exchange. This is indicated by a probability value of 0.00 <0.05.

The coefficient of determination (R-squared) is 0.578924 (57.89%) meaning that firm size, leverage and accruals have the ability to explain the effect on profits in coal companies.
listed on the Indonesia Stock Exchange of 57.89%. The remaining 42.11 is influenced by other variables outside this research model.

The results of this study indicate that firm size has a positive and significant effect on profits in coal companies. This is illustrated by the results of the t count > t table, namely 1.985 > 1.674 and a significant value of 0.05 < 0.10. Shows the results of accepting H1 that Firm size has a positive and significant effect on profit.

Firm size describes the size of a company. Large companies usually have large assets. Large company assets will give a signal that the company has good prospects. Large companies tend to be better known by the public than small companies because they are better known so there is more management information about large companies than small companies (Nurhasanah, 2012). The information available on the market can be used as material for investor analysis in determining investment decisions and as a control to determine the condition of the company.

The positive influence in this study shows that an increase in firm size can explain and predict an increase in profit. The results of this study also show that firm size is one of the factors that can affect profit, because the larger the size of a company, the company has sufficient funding to carry out its operational activities without reducing company profits. The results of this study are in line with research conducted by Rifai (2014); Ariati (2014); and Putri et. al, (2015) which shows that firm size has a positive effect on profitability.

The results of this study indicate that leverage proxied by DER has a negative and significant effect on profits in coal companies. It can be seen from the results of the t count > t table, namely 3.410 > 1.674 and a significant value of 0.000 < 0.05. The results of this study accept H2 that is Debt Equity Ratio negative and significant effect on profit.

Companies that use funds with fixed costs are said to generate profitable leverage if the income received from using these funds is greater than the fixed costs of using these funds, and financial leverage will be detrimental if the company cannot obtain income from using these funds as much as the costs to be paid.

The results of this study support the theory put forward by Harahap (2016) that the higher a company’s debt, the lower the profit that will be received by the company. On the other hand, Purnasiwi and Sudarno (2011) state that companies with high levels of leverage have a very high level of dependence on outside loans to finance their assets. Meanwhile, companies that have a lower level of leverage indicate that the company's funding comes from its own capital. Another opinion was also mentioned by Prastowo (2015) that companies with high levels of debt will find it more difficult to earn profits. On the other hand, Sartono (2016) also added that companies that have financial risks due to high corporate debt will affect the level of company profitability.

The results of this study are in line with previous research conducted by Ratnasari (2016) and Putri et. al, (2015) showing that the level of debt has a negative effect on return on assets in Consumer Goods Industry Companies on the Indonesia Stock Exchange.

The results of this study indicate that accrual expenses have no effect on profits in coal companies. As illustrated by the results of the t count < t table, namely 0.629 < 1.674 and a significant value of 0.532 > 0.05. Which means the results of the study accept H3 that is variable accrual expenses have no effect on profit.

The profits of a company are often used by investors in making decisions. Profit for the current period has an important role in assessing company performance, both for measuring company value and the company’s ability to generate future profits (Harahap, 2016). Based on the results of statistical analysis in research on coal companies listed on the Indonesia Stock Exchange, it shows that accrual expenses have no effect. This explains that a company’s accrual expenses do not affect the company’s ability to generate profits.
One of the factors that causes no effect on accrual expenses is due to the weak accrual component itself, in which profits consist of revenues and expenses that have been realized in cash and non-cash. Realized income and expenses in cash are classified as net cash flows from operating activities, while non-cash are classified as total accrual components. In the activity of classifying revenues, expenses and various other transactions, it is prone to errors and manipulation by management. In addition, investors often only rely on aggregate profit without looking at the components that affect these profits.

The determination of accruals that are subjective and change over time can lead to estimation errors in measuring earnings persistence, this happens because analysts or investors cannot predict management discretion in determining estimated accrual figures (Richardson et al., 2005). (Oei et al., 2008) also stated that errors can occur in accruals, because errors arise as a result of estimates made in the past or in the present. The results of this study are not in accordance with research conducted by (Harahap, 2016) which tested the effect of accruals on earnings.

CONCLUSIONS

Based on the results of the research and discussion, the researchers put forward the following conclusions: Firm size has a positive and significant effect on profit for coal companies on the Indonesia Stock Exchange for the 2013-2019 period. Leverage has a negative and significant effect on profits in coal companies on the Indonesia Stock Exchange for the 2013-2019 period. Accrual expenses have no effect on profits at coal companies on the Indonesia Stock Exchange for the 2013-2019 period. And simultaneously company size, leverage and accruals have a positive and significant effect on profits at coal companies on the Indonesia Stock Exchange for the 2013-2019 period.

RECOMMENDATIONS

Based on the conclusions that have been described, several recommendations can be submitted, for further researchers it is necessary to add relevant variables and possibly affect profit; it is better for new researchers to be able to use a longer research period, so that the data collected may be able to describe the condition of the company or firm and use research objects in other companies.

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