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**THE INFLUENCE OF FIXED ASSETS AND INVENTORIES ON NET
PROFIT AT PT. AKASHA WIRA INTERNATIONAL Tbk**

Suharmiyati¹⁾, Yenny Iskandar²⁾

¹²⁾ Management, Institut Teknologi dan Bisnis Indragiri,
suharmiyati@stieindragiri.ac.id, yennyiskandar44@gmail.com

Abstract

This research was carried out at PT. Akasha Wira International Tbk. The problem in this research is because the net profit at PT. Akasha Wira International Tbk experiences fluctuations, meaning there are increases and decreases. The aim of this research is to analyze the effect of fixed assets and inventory on net profit at PT. Akasha Wira International Tbk. The data collection method in this research is a quantitative method using multiple linear regression analysis with the help of SPSS version twenty two. The results of this research show that fixed assets and inventory simultaneously influence net profit at PT. Akasha Wira International Tbk. Fixed assets partially influence net profit at PT. Akasha Wira International Tbk. Partial inventory has no effect on net profit at PT. Akasha Wira International Tbk.

Keywords: *Fixed Assets, Inventory and Net Profit*

INTRODUCTION

The company's goal to obtain maximum profits is intended so that the company can continue to survive. Profit is one of the main goals of establishing every business entity. The establishment of a company is not limited to a certain time, but is expected to continue indefinitely. Therefore, the company's survival will continue to be maintained by trying to obtain maximum profits. The profits obtained by the company will influence the survival of the company. Profit reflects the return to equity holders for the period in question, while the items in the statement detail how the profit was earned. (Subramanyam & Wild, 2014:25) Profit or loss is often used as a measure to assess company performance. If the company's goals are achieved, the company's survival can be maintained and it can compete with other companies. The profits obtained by the company are generally based on its operational results. Company operations can run smoothly because of the assets they own and these assets become capital for the company. Net profit is a measurement of all profitability that is used to evaluate company management, whether they have obtained the expected rewards based on the assets owned.

Net profit is the final value obtained after operating profit is added to other income and deducted by other costs. If the final value is negative it is called a net loss. The more general purpose of measuring profits is to require measuring profits for shorter periods in order to provide a means of control and a basis for decisions by shareholders, creditors, investors and management on an ongoing or periodic basis.

Research conducted at PT. Akasha Wira International Tbk. PT. Akasha Wira International Tbk was founded under the name PT Alfindo Putrasetia in 1985. The company name has been changed several times, most recently in 2010 when the company name was changed to PT. Akasha Wira International Tbk. In accordance with article 3 of the Company's Articles of Association, the scope of the company's activities is the bottled drinking water industry, bread and cake industry, confectionery, macaroni, cosmetics and wholesale trade. Currently the Company is engaged in the bottled water industry, cosmetics industry, soy milk soft drink industry and distribution of professional cosmetic products for the Wella and Clairol brands in Indonesia. In carrying out its activities PT. Akasha Wira International Tbk has the aim of obtaining net profits for the continuity of the business activities it carries out. The net profit at PT. Akasha Wira International Tbk experienced the lowest decline in

2014. Below we can see the decline in net profit in the table below.

Table 1.1 Net Profit PT. Akasha Wira International Tbk 2013 to 2022.

Year	Net Profit (in millions of rupiah)	Growth (%)	Fixed Assets (in millions of rupiah)	Growth (%)	Inventory (in millions of rupiah)	Growth (%)
2013	55,656	-	141,558	-	84,788	-
2014	31,021	(44.26)	171,282	20.98	92,474	9.06
2015	32,839	5.86	284,380	66.03	99,210	7.28
2016	55,951	70.38	374,177	31.58	95,474	(3.77)
2017	38,242	(31.65)	478,184	27.71	107,977	13,10
2018	52,958	38.48	447,249	(6.47)	109,137	1.07
2019	83,885	58.40	405,448	(9.35)	78,755	(27.84)
2020	135,789	61.88	351,626	(13.27)	80,118	1.73
2021	265,758	95.71	503,588	43.22	98,316	22.71
2022	364,972	37.33	708,363	40.66	148,141	50.68

Source: BEI

Based on table 1.1, it can be seen that net profit, fixed assets and inventory at PT. Akasha Wira International Tbk experienced fluctuations. Where in 2014 net profit experienced a significant decline. With this decline, the profit that we wanted to increase from the previous year has still not been achieved. Of course, a decline is not what the company wants. The decreasing profit indicates that the company's performance is poor and the company's operational activities are becoming less efficient. In increasing a company's net profit, it cannot be separated from how the company uses all existing sources of funds and assets for company activities. However, the use of existing sources of funds and assets is still not optimal in increasing net profit.

Based on the opinion of Jumingan (2014), the factors that influence net profit include: Company size, company age, level of leverage, sales level and changes in profits in the past. Meanwhile, according to Gitosudarmo (2013), the factors that influence net profit include: Working Capital, Inventory, Debt and Selling Price. This research is limited to only analyzing Fixed Assets, Inventories and Liabilities. This is supported by research by Girsang (2021); Rohayana & Arrahman (2022); Akla & Maretha (2022); Lestari, Suhikmat, & Rosmegawati (2022); Bimantara (2019); Purnomo (2019); Afiezan Sitorus, & Tobing (2021) which states that fixed assets, inventory and debt have an effect on net profit.

Fixed assets are assets owned by a company that can be used or provide benefits for more than one year. Fixed assets are something important for a company, apart from being used as working capital, fixed assets are usually also used as a long-term investment tool for the company. Company fixed assets generally consist of two, namely tangible fixed assets and intangible fixed assets. Fixed assets are one of the main tools used by companies to support company operational activities in normal company activities.

Inventory is a current asset that plays an important role in generating company profits. Inventory is so important that it is the largest main element of working capital which is an asset that is always in a rotating state where it is constantly changing.

Companies that do not have inventory will be faced with the risk, namely that a product shortage at one time will mean that customer demand is not met, but excess inventory will result in relatively large storage costs. Therefore, inventory must be managed well because it affects production and sales activities. Low inventory will affect the profits generated by the company.

LITERATURE REVIEW

Net profit

Profit is an indicator for assessing a company's operational performance. Profit reflects the return to equity holders for the period in question, while the items in the report detail how the profit was earned. (Subramanyam & Wild, 2014:25). Information about profits can be found in financial reports. Preparing financial reports is the responsibility of company management. Profit results from the difference between incoming resources (income and profits) and outgoing resources (expenses and losses) during a

certain period. Profit is important information in a financial report. Profit is the company's goal, where with profits the company can expand its business. A company's ability to earn profits is an indication of the quality of the company's management and operations, which means it reflects the company's value. The characteristics of a good company are companies that have good profitability. (Suharmiyati & Iskandar, 2020)

The general definition of profit is the difference between income over costs within a certain period of time. Profit is often used as a basis for tax imposition, dividend policy, investment guidelines as well as decision making and predictive elements. (Hartono, 2013:444)

Net profit is profit that has been deducted from costs which are the company's expenses in a certain period, including taxes. (Kasmir, 2013:303)

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Net profit is the difference between income and cost measurements. (Ghozali & Chariri, 2016:53).

Factors Affected by Net Profit

To obtain the expected profit, the company must really consider the factors that influence this profit.

Factors that influence profits include: (Mulyadi, 2013:134)

- a. Cost
Costs arising from acquiring or processing a product or service will affect the selling price of the product in question.
- b. Selling price
The selling price of a product or service will influence the sales volume of the product or service in question.
- c. Sales and production
The size of sales affects production and will affect the size of production costs.

There are several factors that influence profits: (Hanafi, 2015:32)

- a. The size of the company, the bigger the company, the higher the expected profit growth.
- b. Company age, newly established companies have less experience in increasing profits, so their performance is still low.
- c. Leverage level, if the company has a high level of inventory, managers tend to manipulate profits so that they can reduce profit provisions.
- d. Sales level, the higher the sales level in the past, the higher the sales level in the future so that profit growth will be higher.
- e. Changes in past profits, the greater the growth in past profits, the more uncertain the profits that will be obtained in the future.

Net Profit Measurement

The formula for calculating net profit proposed by (Kasmir, 2015:303) is:

$$\text{Net Profit} = \text{Gross Profit} - \text{Operating Expenses} - \text{Tax Expenses}$$

Fixed assets

Assets or assets are resources owned by a business entity. These resources can be objects that have physical form, such as cash and consumables, or objects that are intangible but have value, such as patents. (Kasmir, 2013:13)

Fixed assets are tangible assets that have a relatively permanent lifespan providing benefits to the company for many years that are owned and used for daily operations within the framework of normal activities and are not intended for resale (not merchandise) and their value is relatively material.

Fixed assets are part of the balance sheet reported by management in each period or each year. Fixed assets are tangible assets held for use in the production or provision of goods or services for rental to other parties, or for administrative purposes, and are expected to be used for more than one period.

Fixed assets are company assets that have a form, have economic benefits for more than one year, and are acquired by the company to carry out company activities, not for resale. (Mulyadi, 2016:497)

Fixed assets are tangible assets that are relatively permanent in nature and are used in normal company activities. (Baridwan, 2014:162)

Fixed assets are assets owned and used by a company that have a useful life of more than one year. (Lubis & Dewi, 2017:79)

Factors Influenced by Fixed Assets

Based on previous research journals, according to Levina (2020), the factors influenced by fixed assets include:

1. Fixed Asset Acquisition Price.
This acquisition price is the basis for calculating how much depreciation should be allocated per accounting period. This price is obtained from the amount of money spent in acquiring fixed assets until they are ready for use.
2. Economic Age or Useful Period.
According to (Kieso et al, Financial Accounting, 2013) the useful life is the expected productive period, or what could be called the working period of a particular asset. Future economic benefits attached to the asset are consumed by the entity primarily through the use of the asset itself. The economic life of a fixed asset from the time it is ready to be used until the asset is no longer profitable if it continues to be used.
3. Residual Value or Residual Value.
Estimated selling price of fixed assets at the end of their useful life. Each company will have a different estimate for the same type of fixed asset. The estimated residual value will also be greatly influenced by its economic life, inflation, currency exchange rates, business sector, and so on. Because the lack of inventory means that customer demand is not met, so the profits generated are also reduced.

Stock up

Inventory is a number of materials, parts provided and materials in process available in the company for the production process, as well as finished goods or products provided to meet demand for components or customers at any time. (Assauri, 2013:169)

Inventory is generally a type of current asset which is quite large in a company. (Sartono, 2018:443)
Inventory is an asset that includes goods owned by a company with the intention of being sold within a certain business period or inventory of goods that are still in progress or in the production process or inventory of raw materials awaiting use in the production process. (Alexandre, 2019:135)

According to the expert opinions above, it can be concluded that merchandise inventory is a current asset that is used in trading company activities by purchasing it with the aim of reselling without changing the form of the merchandise.

Factors Influenced by Inventory

The factors influenced by inventory are: (Munawir, 2017:16)

- a. Estimated Raw Material Usage. Before the company in question purchases raw materials, it is best for the company's management to estimate the use of these raw materials for the production process in the company in question. How much raw material per unit will be used for each production or each production period.
- b. Raw material prices. The price of raw materials that will be used in the production process for the inventory of raw materials carried out within the company will be a determining factor in how much funds the company must provide if it intends to stock or purchase raw materials.
- c. Inventory Costs. In the implementation of raw materials in a company, it cannot be separated from the costs of raw material supplies that must be borne by the company. In relation to these inventory costs, the types of inventory costs are known, namely ordering costs, storage costs and fixed costs.
- d. Spending Wisdom. Purchasing policies within the company will influence purchasing policies within the company concerned.

- e. Use of materials. The company's use of raw materials in past periods for production process purposes can be used as a basis for consideration in providing these raw materials.
- f. Waiting time. What is meant by waiting time here is the waiting time for the raw materials to arrive.
- g. Raw material purchasing model. The raw material purchasing model in the company will determine the size of the raw material inventory carried out in the company.
- h. Security Supplies. This security inventory will be used by the company if there is a shortage of raw materials or a delay in the arrival of raw materials purchased by the company so that the production process taking place within the company is not disrupted due to a shortage of raw materials.
- i. Repurchase. The supply of raw materials in a company will not be adequate if it is made in one purchase. This relates to the costs required for procuring raw materials, supporting materials, as well as for the facilities needed by the company. In carrying out the repurchase (reorder point) the company will pay attention to the lead time required in purchasing the raw materials so that the raw materials purchased can arrive at the warehouse on time.

Research methods

The data analysis method used in this research is a quantitative method, namely research describing Fixed Assets, Inventories and Net Profit at PT. Akasha Wira International Tbk which is then analyzed by comparing Fixed Assets, Inventory to Net Profit.

In analyzing the data, researchers used the multiple linear regression analysis method which was calculated with the help of SPSS (Statistical Product and Service Solutions) which is software to make it easier to research statistics. This research method is often also used to look for regressions and correlations between one variable and another. describe/test how significant or not each variable is.

Research result

Multiple Linear Regression Analysis

Table: Multiple Linear Regression Test Results

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	45564.716	116396.052		,391	,709
Fixed assets	,713	,188	1,038	3,792	,009
Supply	,673	1,397	.118	,482	,647

a. Dependent Variable: Net Profit
Source: Processed data

Table: Multiple Linear Regression Test Results

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,916a	,840	,760	55919.85336	1,800

a. Predictors: (Constant), Inventory, Fixed Assets
b. Dependent Variable: Net Profit
Source: Processed data

The equation is as follows:

$$Y = 45564.716 + 0.713X1 + 0.673X2 + e$$

Information:

Y= Net Profit a= Constant X1 Fixed Assets X2 = Inventory e= Standard error

The value of R2 or R Square in the table above is 0.840, so the value of e can be found using the formula $e = \sqrt{(1-R_2)}$, so $e = \sqrt{(1-0.840)} = 0.4$.

Hypothesis testing

F test (F-test)

Table: F Test Results

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	98296086618.410	2	32765362206.137	10,478	.008b
Residual	18762179998.490	5	3127029999.748		
Total	117058266616.900	7			

Dependent Variable: Net Profit

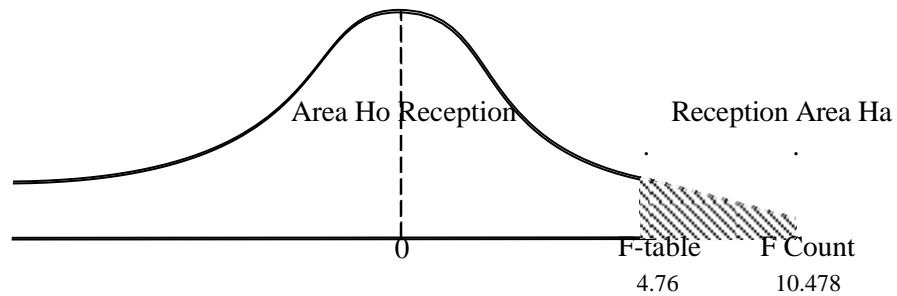
b. Predictors: (Constant), Debt, Inventory, Fixed Assets

Based on table 5.12 above, it can be seen that Fcount is 10.478 and Ftable has a significance level of 5%.

$$F_{table} = k ; (n - k - 1)$$

$$= 3 ; (10 - 3 - 1) = 3 ; 6 = 4.76$$

Based on the results of F calculation table above, it can be seen that $F_{count} > F_{table}$, namely $10.478 > 4.76$. So that the three independent variables, namely Fixed Assets and Inventory, simultaneously have a significant effect on the dependent variable, namely Net Profit, so it is concluded that the model is feasible.



b. T test (t-test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	45564.716	116396.052		,391	,709
Fixed assets	,713	,188	1,038	3,792	,009
Supply	,673	1,397	.118	,482	,647

Coefficient

a. Dependent Variable: Net Profit

Source: Processed Data

$$t_{table} = \alpha/2 ; n-k$$

$$= 0.05/2 ; 10 - 3 = 0.025 ; 7 = 2.36462$$

The test results for each variable are as follows:

1. First Hypothesis

Based on the t value This calculation also shows that the fixed asset variable (X1) obtained a t value of 3,792. Because the value of $t_{count} > t_{table}$ is $3.792 > 2.36462$, partially fixed assets (X1) have a significant effect on net profit (Y).

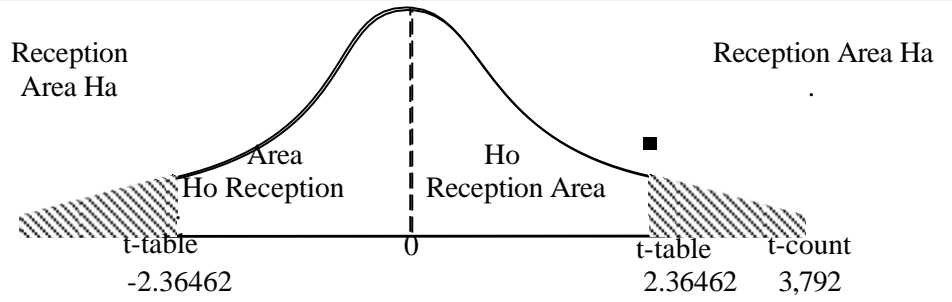
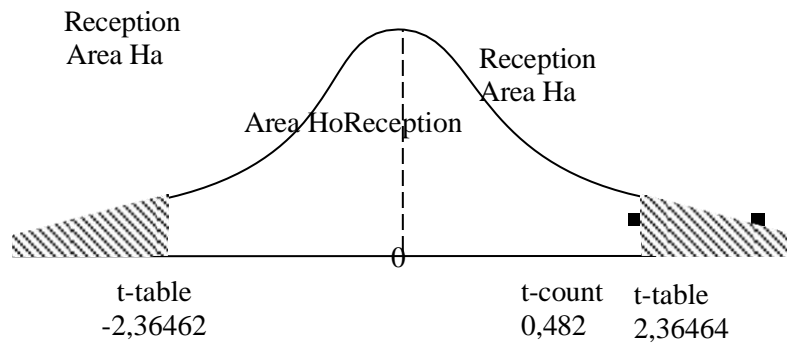


Figure 5.3. Fixed asset variable partial test curve (X1)

2. Second Hypothesis

Based on the t valueThe calculation also shows that the inventory variable (X2) obtained a tcount value of 0.482. Because the value of tcount < ttable, namely 0.482 < 2.36462, partially inventory (X2) does not have a significant effect on net profit (Y).



Discussion

Assets Fixed and Inventory simultaneously influence Net Profit

Based on the results of simultaneous tests carried out in research, it shows that Fixed Assets, Inventories and Debts simultaneously have a significant effect on Net Profit at PT. Akasha Wira International Tbk. The fixed assets owned by the company are to support operational activities, where the adequacy of fixed assets will make it easier for every company activity to increase net profit. Inventory has a role in facilitating or expediting the company's operational activities and debt is a source of capital to fund the company to make it easier to develop its business. This uses fixed assets, inventory and debt to be more effective and efficient in order to maximize the net profit generated by the company.

The results of this research are in line with the results of research conducted by Afiezan et al., (2021) which states that Fixed Assets and Inventory have a significant effect on Net Profit.

Assets Still partially influences Net Profit

Based on the results of hypothesis testing that has been carried out in research, it shows that Fixed Assets partially have a significant effect on Net Profit at PT. Akasha Wira International Tbk. This explains that the fewer fixed assets, the lower the depreciation costs, which will increase the company's profits. Conversely, the more fixed assets there are, the higher the depreciation costs will be, which will reduce company profits. Therefore, the company's fixed assets can be used more effectively and efficiently so that the net profit achieved will continue to increase, because fixed assets provide a positive value to net profit. The results of this research are in line with the results of research conducted by Girsang (2021) which states that fixed assets have a significant effect on net profit, but research conducted by Rohayana & Arrahman (2022) states that fixed assets have a significant but negative effect on net income.

Partial inventory has no effect on Net Profit

Based on the results of the hypothesis test that has been carried out in the research, it shows that partial inventory does not have a significant effect on Net Profit at PT. Akasha Wira International Tbk. This explains that low inventory will affect the profits generated by the company, because the company's inventory turnover rate is low so it affects the company's profit level, but excess inventory will make storage costs relatively large so that the profits generated will also be reduced. Therefore, it is necessary to have sufficient inventory to meet customer demand, where inventory is neither insufficient nor excessive so that costs do not increase. Supplies that play a role in facilitating or expediting the company's operational activities are used as working capital for the company. The results of this research are not in line with the results of research conducted by Akla & Maretha (2022) and Lestari, Suhikmat, & Rosmegawati (2022) which stated that inventory has a significant effect on net profit.

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