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THE EFFECT OF INCOME AND OPERATING EXPENSES ON NET PROFIT WITH CAPITAL EXPENDITURE AS A MODERATION VARIABLE (STUDY ON ENERGY SECTOR COMPANIES LISTED ON THE IDX PERIOD 2018 - 2021)

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Abstract:
Maximizing profit generation and achieving long-term profit growth are the primary goals of company formation. The company's net profit is significant to both internal and external stakeholders. However, even more, significant is the rise in net profit each period, which, in line with the signaling theory, gives the impression or signal that the company is progressing or doing well. This study aims to determine the effect of income and operating expenses on net profit with capital expenditure as a moderation variable in energy sector companies listed on the Indonesia Stock Exchange. The type of research method used is quantitative. The population used in this study are energy sector companies listed on the Indonesia Stock Exchange. The samples used in this study were energy sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period that met the predetermined criteria, namely 41 samples. The data source used in this study is secondary data with documentation data collection techniques. The analytical techniques used in this study include descriptive statistical analysis, outer model, inner model and hypothesis testing with the help of the SmartPLS 3.0 program. The results indicate that income affects net profit, operating expenses do not affect net profit, and capital expenditure does not moderate the effect of income and operating expenses on net profit.

Keywords: Income, Operating Expenses, Net Profit, Capital Expenditure
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INTRODUCTION

The main purpose of establishing a company is to achieve maximum profit generation and sustainable profit growth. The company's net profit is vital for internal and external parties. More importantly, every period's increase in net profit provides an idea or signal that the company continues to advance or is suitable by the signaling theory. The net income on a company's income statement is determined by several factors, including revenue and operating expenses. Revenue and expenses are the main factors that determine the amount of net profit of a company where the income obtained from the company's operational activities will be deducted from the expenses that the company must incur in order to carry out its operational activities to obtain the amount of the company's net profit.

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In addition to income and operating expenses, capital expenditure is also alleged to influence the amount of the company's net profit indirectly. Capital expenditure is an expenditure used to add fixed assets or improve fixed assets that can increase the useful life for an accounting period of more than one year. So that through its impact on the company's revenue, capital expenditure activities can be one of the determining factors for the amount of the company's net profit. Capital expenditure is also expected to moderate the effect of operating expenses on the company's net profit due to depreciation expenses arising from the addition of fixed assets from capital expenditure activities, which can reduce the amount of its net profit.

Of the various corporate sectors in Indonesia, the energy sector is one of the sectors that carry out capital expenditure activities with a reasonably large amount caused by various phenomena, including an increase in global demand for coal, high export figures from the total primary energy production figures and the existence of an NRE development program (new and renewable energy) by the government. As reported by CNBC Indonesia, PT Medco Energi Internasional Tbk has prepared a capital expenditure budget of US $ 300 million to increase its oil and gas production. Five coal issuers are expanding into New and Renewable Energy: PT Adaro Energy Indonesia Tbk, PT Indika Energy Tbk, PT TBS Energi Utama Tbk, PT Bukit Asam Tbk (PTBA) and PT United Tractors Tbk. However, in carrying out these activities, the company needs to look back at the quality of the decisions taken. It is essential to know whether capital expenditure activities can benefit the company or only increase the expense that must be incurred so that later the company will not only benefit from capital expenditure activities.

An increase in a company's revenue can increase investors' interest in investing because, generally, the increase in revenue is directly proportional to the increase in the company's profit. Conditions in the field were found by energy companies that experienced an increase in profit. However, they were not accompanied by an increase in revenue, as happened with PT Ratu Prabu Tbk, where PT Ratu Prabu Tbk continued to obtain an increase in profit of 72.4 4% YoY in the first quarter of 2019 even though its revenue decreased by 22.63% YoY. Thus, based on these cases, it can be concluded that the increase in profits in an enterprise is not always accompanied by an increase in the company's revenue. Therefore, in order to achieve the main goals of the company, maintain the sustainability and development of its business, and attract investors to invest, the company needs to pay attention to the amount of its profit from year to year and especially the factors that affect the amount his net profit.

Previous research conducted by Sa'diya et al. (2019) indicated that operating income had a significant positive influence on net profit, and operating expenses did not significantly affect net profit. Meanwhile, the research results from Rahmawati and Kosasi (2020) stated that operating income did not affect net profit and Sukmawati (2020) stated that revenue and expenses partially affected the company's profit. Based on the phenomenon, differences and not obtaining consistency and limitations from the results of previous research makes researchers interested in conducting a study with the research title "The Effect of Income, Operating Expenses on Net Profit with Capital expenditure as a Moderation Variable (Study on Energy Sector Companies listed on the IDX for the 2018-2021 period)".

METHODS

This research was conducted on energy sector companies during the 2018-2021 period using data obtained through the IDX website: www.idx.co.id. The population in this study is companies registered in the energy sector, with a total of 73 companies. The determination of the number of samples in this study was obtained by the slovin formula, namely at least 42 companies with criteria; the availability of financial statements for the 2018-2021 period and the implementation of capital expenditure activities at the company during the 2018-2021 period. After collecting data, researchers

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found that the samples that met the criteria set out in this study were only 41 samples because several companies had just IPO started in 2018, companies that did not carry out capital expenditure activities and also because there were companies that had not published financial statements in 2021. However, after a normality test was carried out through the SmartPLS 3.0 program, the data obtained from the sample was found to be normally distributed, so the study continued. The type of data in this study is quantitative data, which is processed using Smart PLS 3.0 with data analysis methods, including Descriptive Statistical Analysis, Model Measurement Evaluation, Structural Model Evaluation, and Hypothesis Testing.

RESULT AND DISCUSSION

Descriptive statistical analysis in this study aims to provide information regarding the data used in the study and is not related to hypothesis testing. The samples analyzed were 41 samples with a total of 123 research data. The descriptive statistical table can be seen in the following table:

Table 1. Descriptive Statistics Test Results

	Mean	Median	Min	Max	Standard Deviation
X1	450114598,39	104790553	-13101430653	21336828571	5845520669,591
X2	858020289,31	679225352	-10093003135	36418248511	5321069918,742
Y	556434256,39	80161000	-9700225964	13233557421	4781947818,799
Z	-1088701133,699	-848848629	-9758354788	9952460722	3930185588,258

Based on the table of research results above, it can be known the minimum, maximum, average and standard deviation values of each variable as follows:

1) The lowest value of the income variable (x1) is -13101430653, and the highest value is 21336828571, with a standard deviation of 5845520669.591 and an average value of 450114598.39.
2) The lowest value of the operating expenses variable (x2) is -10093003135, and the highest value is 36418248511, with a standard deviation of 5321069918.742 and an average value of 858020289.31.
3) The lowest value of the dependent variable's net profit (y) is -9700225964, and the highest value is 13233557421, with a standard deviation of 4781947818,799 and an average value of 556434256.39.
4) The lowest value of the moderation variable (z) is -9758354788, and the highest value of capital expenditure is 9952460722, with a standard deviation of 3930185588,258 and an average value of -1088701133,699.

Table 2. T Statistik & P-Value

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Beban Operasional -> Laba Bersih	-0,191	1,642	0,101
Capital Expenditure -> Laba Bersih	-0,096	1,019	0,309
Moderasi Beban Opr Capex -> Laba Bersih	-0,017	0,136	0,892
Moderasi Pendapatan Capex -> Laba Bersih	0,065	0,571	0,569
Pendapatan -> Laba Bersih	0,558	5,571	0,000

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Source: Data Processed 2021

Based on the table of research results above, the results of the study can be known as follows:

1. The results showed that the significance value formed on revenue was smaller than α = 0.05, namely 0.000 and t-Statistics 5.571 > t-Table 1.96 with a positive influence direction which means that revenue has a significant positive effect on Net Profit so that the results of this study indicate that an increase in revenue can increase the amount of the company's net profit. It can be because revenue results from the company's main activities or the company's priority in running its business. The greater the income obtained, the greater the net profit obtained by the company and vice versa. The results of this study are by the signal theory, where an increase in revenue can give a positive signal to investors, reflecting an increase in net profit from the company. This study's results align with research conducted by Evadine (2021), which concluded that income partially affects net profit. However, this study contradicts the results of research from Rahmawati et al. (2020), which states that operating income does not affect net profit.
2. Table 4.8 shows a P-value of 0.101 > 0.05 and a t-statistic of 1.642 < 1.96, which means that Operating Expenses do not affect Net Profit. It can be because the company has other income outside operating income to cover the expenses incurred. However, based on the results of the R-Square test, operating expenses can affect net income simultaneously, along with income and capital expenditure. The results of this study are not by signal theory, where the company signals that an increase in operating expenses can result in a decrease in the company's profit. This study's results align with the results of research from Sa'diya et al. (2019), which states that operating expenses do not significantly influence the Net Profit of Textile and Garment Companies. However, this study's results contradict Sukmawati's (2020) research, which states that expenses partially affect the company's profit. Differences in the results of this study can be caused by different objects and years of research.
3. Based on table 4.8 with a P-value of 0.569 > 0.05 and a t-statistic of 0.571 < 1.96 for the moderation of income to net profit and a P-value of 0.892 > 0.05 and a t-statistic of 0.134 < 1.96 for the moderation of operating expenses to net profit which means that Capital expenditure does not moderate the effect of income and operating expenses on Net Profit. It means that capital expenditure is not a solution for companies to obtain maximum income or to achieve the desired net profit. An improper allocation can cause management the addition, improvement or improvement of the quality of fixed assets which makes the benefits of capital expenditure not optimal so that there is an increase in net profit because income does not become stronger by the capital expenditure activities carried out by the company and can also be due to the results of investment in fixed assets that have not been seen within 5 (five) years.

Therefore, the results of this study are not by the signal theory because the company's capital expenditure activities cannot provide a positive signal to investors that the company is in a favorable condition for investors. In addition, capital expenditure also does not moderate the effect of operating expenses on net profit. It can be because the company carries out more capital expenditure activities to repair damage to the tools or machines used compared to capital expenditure activities for the addition of fixed assets so that the effect of operating expenses on net profit does not become stronger with the capital expenditure activities carried out by the company. This research is in line with Hidayat (2019), who states that the cost of capital (Capital Expenditure) does not affect profits. However, this research contradicts the results of research from Haryanto and Retnaningrum (2019), which states that capital expenditure has a significant positive effect on the current year's profit,

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which means that the higher the capital expenditure spent, the company's current year profit will increase.

CONCLUSION

Based on the results of data analysis and discussion in the previous chapter, it can be concluded from this research as follows:

1. Revenue significantly affects the net profit of energy sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.
2. Operating expenses do not affect the net profit of energy sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.
3. Capital expenditure does not moderate the effect of revenue and operating expenses on the net profit of energy sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

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