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The Influence of Investment, Debt and Sales on Company Profitability in the Pharmaceutical Industryin Indonesia Stock Exchange

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Abstract--- *This study aims to determine and analyze the effect of Investments, Debt and Sales on the Profitability of Companies in the Pharmaceutical Industry listed on the Indonesia Stock Exchange for the period of 2012 to 2016. Investments are funds invested by investors into the company both directly and indirectly in order to gain profits. Debt is a loan fund obtained from inside and outside the company that is used to maintain the survival of the company. Sales are the results received for the sale of goods or services. Profitability will be obtained if investment, debt and sales are managed properly. Management of investment, debt and sales is a determining factor in the success of a company. Based on the results of the research, the influence between investment, debt and sales with the company's profitability is positive and significant. The results of this study support previous research, which says that debt and sales can increase the profitability of the company. For the next researcher, it is suggested to add other variables such as dividends, working capital and economic growth.*

Keywords--- *Investment, Debt, Sales, Profitability.*

I. INTRODUCTION

The ability of the company to generate profits for a certain period can be seen in the income statement. The income statement is a report that contains the company's income and expenses for a certain period of time. The income statement is part of the financial statements. The financial statements consist of statements of changes in financial position, profit and loss, equity, cash flow and notes to the financial statements. Financial statements aim to provide information regarding the financial position, performance and changes in the financial position of a company that is useful for interested parties in decision making.

Investment relates to investing company funds in working capital, fixed assets, research and development as well as product or service development. This investment is expected to generate cash both in the current period and in the future period. Investment decisions are very important decisions because investment is the main driving force of every business system[1].

Debt is one aspect that is the basis of assessment for investors to measure financial conditions. Debt is a sacrifice of economic benefits that will arise in the future, caused by current obligations and will be fulfilled by transferring assets or providing services to other business entities as a result of transactions that have already occurred.

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The amount of debt held by the company is reflected in the statement of changes in the financial position of the liabilities section. Debts can be divided into two, namely short-term debt and long-term debt. Short-term debt has a maximum payment term of one year, while long-term debt is more than one year in accordance with the agreement[2].

Sales is one of the most important and decisive functions of marketing for the company in achieving the company's goals, which is making profits to maintain the company's survival. Sale is an activity carried out by a company by marketing its products in the form of goods or services offered at a price agreed upon by both parties, whether paid in cash or credit. Sales will increase if the costs incurred for the production and marketing of products are based on costs and apologies. If the costs incurred are greater than the benefits obtained, the company will suffer losses otherwise if the benefits received are greater than the costs incurred, the company will benefit. The company will grow and develop if company managers are able to manage the company's finances [3]. Fluctuations will occur if there are economic shocks, but if the company is well managed then the company will stay alive [4].

II. Literature Review And Hypotheses Development

Financial statements are information that describes the company's financial condition. Financial statements must be presented clearly and in full in accordance with the provisions contained in applicable Financial Accounting Standards. The financial statements consist of: statement of changes in financial position, profit and loss, equity, cash flow and notes to the financial statements[5]. The parties interested in financial statements are company managers, creditors, investors, government and employees. The information presented in the financial statements must be accurate and can be justified. Because the data presented in the financial statements is through an accounting process and can be used as a tool to communicate by interested parties[6].

The final result of the accounting process is the financial statements. Financial reports are a source of information for interested parties to make financial decisions that are financial [7]. Analysis can be done if using comparable financial statements, including data about changes that occur in the amount of rupiah, its percentage and trends. Several individual ratios will help in analyzing and interpreting a company's financial position. Financial ratios are designed to help evaluate financial statements. Ratio describes a relationship or balance between a certain amount with another amount. Financial analysis tools in the form of ratios will be able to give an analysis to the analysts about the good or bad situation or financial position of a company, especially if the ratio numbers are compared with the comparison numbers used as a standard [8].

The financial statements prepared must provide true, clear and complete information that uses economic realities regarding the existence and operation of the company. The concept of financial statements is the result of an accounting process that is useful as a tool to communicate between financial data in the form of assets, debts and capital of a company with parties with an interest in the company's data [9]. Financial ratios are basically compiled by combining figures in or between the Income Statement and the Statement of Changes in Financial Position, Cash Flow, and Company Capital. Profit or loss is a financial statement that provides information about income from various income earned by the company and costs incurred in an accounting period for the company's operational activities.

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The final result of the income statement is information about the value of the company whether generating profits or suffering losses [10].

The Statement of Changes in Financial Position, commonly called the balance sheet, is a report that shows the company's financial condition in the form of assets, debt and capital. Assets are assets owned by a companyboth current assets and fixed assets. Debt is an obligation that must be paid in accordance with the time period, both current and long-term debt[11].

The statements of cash flows describe the company's cash flows, both cash inflows and outflows. Cash in shows all sources of company income in the form of cash, receivables receivable, cash sales, other receipts related to company operations. Cash out represents all expenses, both cash purchases, payment of marketing costs, production costs and other operational costs incurred by the company including payment of debts to various parties that must be paid at maturity[12]

The cash flow statement shows the difference between more or less between cash in and cash out. If cash in is greater than cash out, the company is in a surplus condition, which means the company has excess cash that can be utilized for the future. Conversely, if cash is small from cash out, the company is in a deficit condition which means the company is short of money or funds for company operations. Then additional funds are needed to finance the company's operations[13]

One solution is to find a new investor or make a loan to the abnormality. Capital is wealth owned by a company. Capital can be distinguished based on the owner, if the owner is an individual then the capital is individual capital while the capital is in the form of shares then the ownership is in the form of share capital and so on. The notes to the financial statements are useful information to provide a complete explanation of the information presented in the financial statements.

A. Profitability

Profitabilias is the company's ability to generate profits. Profits obtained will affect the survival of the company. Profitability is a ratio to measure the effectiveness of management and evaluate the performance of management in running a business and its productivity to manage the company's overall assets. Company profitability is measured by comparing the profits earned in an accounting period with the amount of investment in the form of assets. Profit obtained by the company is the difference between the sale of goods or services with all operational and non-operational expenses including taxes. Whereas the assessed investments are assets owned by the company, both current assets and fixed assets. Current assets are assets owned by companies with a maximum economic life of one year. Fixed assets are assets owned by companies with an economic age of more than one year[14].

High corporate profits will be able to attract the attention of investors. Investors try to assess the company's performance, based on financial ratios [15]. The company's financial ratios are useful for assessing the performance of company managers and the rate of growth of the company. To measure the company's ability to generate profits, the return on investment ratio can be used. Return on investment is a ratio that shows the combined effect of liquidity, asset management and debt on a company's operations.

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Return on investment can be high and low value, if return on investment is high, it will show the operational efficiency of the company, conversely the low return on investment can be caused by the number of company assets that are unemployed, investing in excess inventory, excess banknotes, fixed assets operating below normal and others [16]. Companies with a large return on investment will attract investors to invest their capital in the company, because the profits will be large, on the contrary if the return on investment is low, investment interest will fall, and prices will go down. Thus the higher return on investment shows the more effective the company is using its assets to generate net income and improve company performance.

The financial statements report the position of the company at one point in time and its operational activities over the past several periods. The real value is in the fact that the report can be used to help predict earnings and dividends in the future. Forecasting for the future is the key to the analysis of financial statements that are useful to assist managers in making decisions and anticipating future events. The company's financial statements are the starting point for planning future performance actions[17].

The amount of return on investment will change if there is a change in profit margin or asset turnover, both or both. Thus the company manager can use one or both of them in an effort to increase return on investment. Efforts to increase return on investment by increasing profit margins are concerned with efforts to enhance efficiency in the production, sales and administration sectors. Whereas the effort to increase return on investment by increasing asset turn over is the investment policy of funds in assets, both current assets and fixed assets[18].

B. The Relationship between Investment and Company Profitability

Investment is an activity that is related to the business of obtaining funds to finance capital goods which will be used for businesses to obtain profits.

Investment in the company aims to guarantee the company to keep running even though financial conditions are experiencing difficulties. Investment is an investment for one or more assets that are owned and for a long time in the hope of earning profits in the future. Unused cash is the rest of the company's cash that has not been allocated according to function. Idle cash should be invested so that the company earns interest income and dividends in addition to the company's profits [19].

Investment is an investment related to one or more assets that are owned and usually for a long time in the hope of increasing profits in the future. Investments made by investors aim to anticipate and guarantee companies if they are in difficult conditions. In addition, investment can be made by utilizing the excess cash obtained and unused for the company's operational activities. Investment is also useful for obtaining additional income, namely interest income on bond investments, as well as dividends on investments in the form of shares. Investors' decision to invest in a company is expected to increase the value of the company and create effective and efficient, so as to increase high investment returns [20].

The measurement of the company's financial performance is useful to determine the ability to manage paid-up capital by investors in order to progress the company. The higher the level of income provided by the company to investors, the higher the value of the company is reflected in the value of shares on the stock exchange [21].

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Financial statements are important because they provide information that can be used for decision making [22]. Many parties have an interest in the financial statements of a company, ranging from investors or potential investors to the company's management itself. The financial statements will provide information about profitability, risk, cash flow timing, all of which will affect the expectations of the parties concerned. This expectation will affect the value of the company.

Profitability is used to measure the effectiveness of management based on the results of returns generated from investments.As the types of investment owned by a company have value for the company, the following hypothesis is proposed:

$\mathbf{H_1}$**:** investment are positively related to company profitability.

C. The Relationship between Debt and Company Profitability

Debt is a company's obligation to certain parties and will be due according to the agreement of both parties [23]. Debt can be distinguished based on time period, namely short-term and long-term debt [24]. Short-term debt has a maximum repayment period of one year while long-term debt has a repayment period of more than one year with a limit according to the maturity date that has been agreed by both parties. Debt is a source of company funds from creditors. Creditors provide loans based on the company's ability to repay debt. Debt must be managed properly so that the trust given by creditors is not lost. Corporate debt can be seen in the statement of changes in the company's financial position. The amount of debt indicates the company's financial condition has sufficient funds to finance the company's operations [25]. Therefore, debt must be managed properly so that creditors believe that the company is able to repay its debt [26].Profitability is used to measure the effectiveness of management based on the results of returns generated from loans, the following hypothesis is proposed:

$\mathbf{H_2}$**:** Debts are negatively related to company profitabilty.

D. The Relationship between Sales and Company Profitability

Sales is revenue received from the sale of goods and services in cash or credit. Sales must be able to cover the expenses incurred by the company. Profits will be obtained if the income received is greater than the costs incurred. Factors that affect sales targets, are: the ability of sellers, markets, capital, corporate organization and economic conditions. [27] The ability of the seller relates to how to introduce products to consumers so that they are interested in buying. Competitive prices can influence consumers to buy products. The characteristics and nature of the seller are crucial for consumers in deciding to buy the products offered. So that selling ability plays an important role in sales growth and is able to increase business profits [28].

The market as an object for sellers and buyers to meet their respective needs. The seller will introduce the product to the consumer while the buyer needs the product in accordance with his wishes and tastes. The purchasing power and frequency of consumer purchases will affect sales. If consumer purchasing power and frequency increases, sales will increase and vice versa if consumer purchasing power and frequency decreases, sales will decrease. Business capital must be able to penetrate the market because to increase sales it is necessary to expand the market [29].

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Products offered to consumers must pay attention to market conditions. If the market location is far from the producer, transportation, seller warehouses and promotions are needed so that the products offered are known by consumers [30]. If consumers do not know the product to be consumed, consumers will be reluctant to buy the product. Products will be known by consumers if the products offered are known by consumers. Consumers will know various products according to their needs if the product is promoted.

Company organizations have human resources with their respective duties and responsibilities. Small companies will have limited human resources because of the scope and market share area. Conversely, large companies will have human resources that can compete in the market, such as: technology, innovation, information systems and communication.

The condition of the Indonesian economy affected sales growth. The economy will be in a state of crisis, recovery, booming and declining. Crisis conditions occur when economic growth tends to decline. Recovery conditions occur when economic growth begins to increase and there are still fluctuations in decline but the movement is slow. Booming conditions occur when economic growth surges rapidly. Economic growth that occurs when economic growth declines sharply in a row for two years or more shows economic conditions are in declining conditions [31].

Sales growth reflects changes in sales increase or decrease from year to year which can be seen from each company's income statement. The high rate of sales growth shows an increase in company income and vice versa a decline in sales growth rate shows a decrease in company income. So that growth in sales is one indicator of the company's profitability, the following hypothesis is proposed:

H_3: Sales are positively related to company profitability.

III. Methodology / Materials

The population in this study are pharmaceutical industry sector manufacturing companies listed on the Indonesia stock exchange from 2012-2016. The population is 11 companies. The criteria used to select the sample are: Pharmaceutical companies listed on the Indonesian Stock Exchange, the company shares are not divided into two, published consecutive financial statements as of December 31 and generated consecutive earnings from 2012 to 2016. Variable of research consists of dependent and independent variables. Dependent variable is profitability while independent variables are assets, debt and sales. The analytical method used is regression model analysis [32].

A. Data Collection

Corporate investment and debt can be seen from the report on changes in the company's financial position. Investment is in the assets section while debt is in the liabilities section. Corporate sales can be seen from the company's income statement. Profitability is related to the company's profit and assets which can be seen from the income statement and changes in the company's financial position. The income statement contains information about the company's income and expenses, both operational and non-operational, including tax [33].

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B. Data Analysis

Data analysis can be done by statistical test using Liniear Regression, with the help of SPSS program, that is:

$$\mathbf{Y = a+b_1X_1+b_2X_2+ b_3X_3+e_1}$$

Where: Y isProfitability, a is a constant, b is Coefficient, X_1 is Investment, $X_2$is Debt, $X_3$is Sales and e_1 is Residual.

Indicator of the research variable is, table 1:

Table 1: Indicator

No.	Variable	Indicator	Unit
1	Profitabilitas	ReturnOn Investment=$\frac{Earning\ After\ tax}{Asset}$	Ratio
2	Investment (X_1)	Total Asset Turn Over=$\frac{Sales}{Asset}X100\%$	Ratio
3	Debt (X_2)	Debt to Equity Ratio=$\frac{Debt}{Equity}x100\%$	Ratio
4	Sales (X_3)	Sales Growth=$\frac{St-St-1}{St-1}X100\%$	Ratio

Before the regression model is used to draw conclusions, the model must be testedclassical assumption testwhich is useful to know whether there is normality, multicollinearity, heteroscedasticity and autocorrelation in the regression model [34].

IV. RESULTS AND FINDINGS

A. Results

Based on the formulation of problems and hypotheses, the purpose of this study is to analyze the effect of investment, debt and sales on the profitability of manufacturing companies in the pharmaceutical industry sector which are listed on the Indonesia Stock Exchange. Company data is described through descriptive statistics which are part of the data analysis, used to provide an initial overview of the research variables and sample characteristics used in the study.

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Asset Turn Over	30	88,93	179,85	134,4886	24,80863
Debt Equity Ratio	30	22,16	103,07	45,3460	20,06520
Sales Growth	30	-27,70	28,40	9,2352	10,39732
Return On Investment	30	,01	25,26	9,4853	7,74635
Valid N (listwise)	30				

Descriptive statistics explain the minimum, maximum, mean and standard deviation of each research variable. Corporate investment is measured by the ratio of total asset turnover, with the following data:

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Table 3: Total Asset Turn Over

No	Company Name	Code	Year				
			2012	2013	2014	2015	2016
1	DaryaVariaLaboratoriaTbk	DVLA	101.181	92.574	88.929	94.901	94.775
2	Kimia FarmaTbk	KAEF	179.847	175.897	150.062	150.186	125.993
3	KalbeFarmaTbk	KLBF	144.792	141.423	139.627	130.600	127.244
4	MerckIndonesiaTbk	MERK	163.299	171.312	121.398	153.269	139.099
5	PyridamFarmaTbk	PYFA	130.093	109.957	128.828	136.194	129.862
6	Tempo Scan PacificTbk	TSPC	143.122	126.756	174.501	130.180	138.757

Corporate debt is measured by the debt to equity ratio, with the following data:

Table 4: Debt to Equity Ratio

No	Company Name	Code	Year				
			2012	2013	2014	2015	2016
1	DaryaVariaLaboratoriaTbk	DVLA	27.704	30.102	31.008	41.371	41.850
2	Kimia FarmaTbk	KAEF	44.037	52.180	75.052	73.795	103.071
3	KalbeFarmaTbk	KLBF	27.759	33.129	27.398	25.215	22.161
4	MerckIndonesiaTbk	MERK	36.639	36.064	30.650	35.499	27.676
5	PyridamFarmaTbk	PYFA	54.893	86.495	77.717	58.020	58.340
6	Tempo Scan PacificTbk	TSPC	38.168	39.995	37.417	44.905	42.080

Company sales are measured by sales growth, with the following data:

Table 5: Sales Growth

No	Company Name	Code	Year				
			2012	2013	2014	2015	2016
1	DaryaVariaLaboratoriaTbk	DVLA	20.869	1.315	0.194	0.194	0.194
2	Kimia FarmaTbk	KAEF	7.270	16.438	3.978	7.506	19.569
3	KalbeFarmaTbk	KLBF	24.969	17.349	8.539	2.988	8,312
4	MerckIndonesiaTbk	MERK	1.235	28.399	-27.702	13,929	5,222
5	PyridamFarmaTbk	PYFA	16.967	8.954	15.448	-2.006	-0.140
6	Tempo Scan PacificTbk	TSPC	14.707	3.379	9.588	8.910	11.694

Multiple regression analysis can be done after testing classical assumptions (normality, multicollinearity, heteroscedasticity and autocorrelation). Normality Test aims to test whether the regression model, dependent variable and independent variable have a normal distribution or not. A good regression model is having normal or near normal data distribution. The basis of decision making in detecting normality is: If the data spreads around the diagonal line and follows the direction of the diagonal line, the regression model meets the normality assumption and vice versa if the data spreads far from the diagonal line or does not follow the direction of the diagonal line, then the regression model does not meet the normality assumption. The normality test results in a graph of Probability Plot using SPSS version 22 for the Return on investment variable are shown in the graph below.

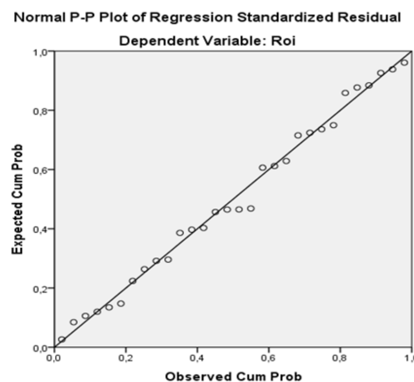

Figure 1: Normalitas

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Based on the above curve, it can be seen that the independent variable, namely the assets turnover, Debt to Equity Ratio, Sales Growth covers around the diagram and follows the direction of the diagonal line so that the independent data meets the normality test, then this research can be continued. The multicollinearity test was carried out after conducting the normality test with the aim of finding out whether or not there was a correlation between the independent variables in the regression model. A good model should not have a high correlation between independent variables. Multicollinearity test can be seen from the value of Tolerance and Variance Inflation Factor. Tolerance values above 0.1 and Variance Inflation Factor values below 10. The results of the multicollinearity test can be seen in the following table:

Table 6: Multikolinearilitas

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Asset Turn Over	,970	1,031
Debt Equity Ratio	,988	1,012
Sales Growth	,959	1,042

Based on the table above it can be concluded that there is no multicollinearity in the regression model. The value of the Variance Inflations Factor for each independent variable is the Asset Turnover of 1.031, Debt to equity ratio of 1.012 and Sales Growth of 1.042, smaller than 10. So it can be concluded that multicolonierity does not occur. Thus all the independent variables studied could fulfill the requirements for using multiple linear regression models.

Heteroscedasticity test aims to test whether there is an inequality of variance from the residuals of one observation to another in the regression model. A good regression model is if the variance from one observation residual to another is different (heteroscedasticity). to find out whether or not you can see the plot graph between the predicted value of the dependent variable with the residual. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity

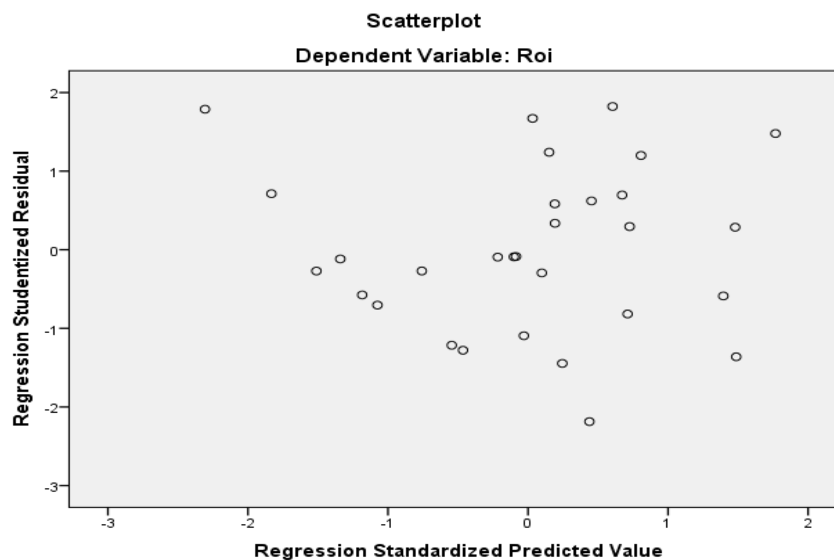

Figure: 2. Heteroskedastisitas

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Based on the scatterplot image above, it can be seen that the distribution of points has no clear pattern and the data or points spread evenly above and below the number 0 on the y axis and do not converge in one place. So it can be concluded that in this regression test there was no heteroscedasticity problem so that the regression equation was appropriate for this study. The autocorrelation test aims to test whether in a multiple linear regression model there is a correlation between the error of period t disturbers and errors in period t-1 (previous). To find out whether there is autocorrelation in a regression model is done through the Durbin Watson test where if the Durbin Watson number below -2 means there is a positive autocorrelation, if the Durbin Watson number between -2 to +2 means there is no autocorrelation and if the Durbin Watson number is above +2 means there is a negative autocorrelation. The results of the autocorrelation test can be seen in the following table:

Table 7: Autokorelasi

Model	R	R Square	Adj. R Square	Std. Error of the Estm	Durbin-W
1	,684[a]	,468	,407	5,966	1,115

The Durbin-Watson test results in the Table show a value of 1.115. This figure shows that the value is in the range of values between -2 to +2, it can be interpreted that there is no positive or negative autocorrelation in the regression equation tested. The Durbin Watson test can be concluded that the data used in this study are free from autocorrelation and the model is fit for use. After the classical assumption test is fulfilled, the next step is to do a Multiple Linear Regression Analysis. This analysis aims to determine whether or not the influence of independent variables on the dependent variable. The results of multiple regression analysis can be seen in table 8 below;

Table 8: Statistic Analysis

Model	Unstandardized Coef.		Standardized Coef.	t	Sig.
	B	Std. Error	Beta		
Constant	-3,020	6,540		-,462	,648
Asset Turn Over	,159	,045	,508	3,499	,002
Debt to Equty Ratio	-,143	,056	-,371	-2,578	,016
Sales Growth	-,253	,109	-,339	-2,325	,028

Hypothesis testing as a whole can be done with the F test (Anova). Anova test results can be seen in table 9;

Table 9: Anova

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	814,878	3	271,626	7,632	,001[b]
Residual	925,296	26	35,588		
Total	1740,174	29			

From the ANOVA (Analysis of Variance) test, it shows that a value of Fcount is 7,632> F table of 2,960 a significant value of 0.001 where the significance level is smaller than specified α = 0.05. These results indicate that the independent variables, namely Asset Turn Over, Debt to Equity Ratio, Sales Growth simultaneously or together have a positive and significant effect on Return On Investment. Partial test aims to determine the effect of one independent variable (Asset Turnover, Debt to Equity Ratio, Sales Growth) individually in explaining the dependent variable (ROI) significantly. With a significant level of 5% (α = 0.05). Based on the t test results obtained a significant value of the variable Asset Turn Over of 0.002, Debt to Equty Ratio of 0.016 and Sales Growth of 0.028. This data shows that the independent variables individually have a significant positive and negative effect on the company's profitability. Asset Turn Over has a positive effect while Debt to Equity and Sales growth negatively affects the profitability of the company.

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B. Finding

Based on the results of the study, multiple linear regression equations are obtained, namely:

$$Y = -3{,}020 + 0{,}159X_1 - 0{,}143X_2 - 0{,}253\ X_3 + e$$

Return On Investmen aA constant of -3.020 indicates that if the independent variables are asset turnover (X1), debt to equity ratio (X2), sales growth (X3) equal to zero, then the dependent variable that is Return On Investments will be worth -3.020. Asset Turnover (X1) has a regression coefficient of 0.159. Every increase in assets turnover by 1%, the Return On Investments will increase by 0.159. Debt to Equity Ratio (X2) has a regression coefficient of -0.143. Every increase in debt to equity ratio of 1%, the Return On Investments will decrease by -0.143. Sales Growth (X3) has a regression coefficient of -0.253. Every increase in sales growth of 1%, the company's Return On Investments will decrease by -0.253.

The influence of independent variables on the dependent, can be proven.

1. Turnover of Assets (X1) against ROI (Y).

Hypothesis testing is done by comparing tcount and t tables. The hypothesis is accepted if tcount>ttable and sig <0.05. The value of the table at α 0.05 is 2.052. For the Asset Turnover variable (X1), the t-count value is 3.499> t table 2.052 and the significant level value is 0.002 <0.05. So the hypothesis has been formulated in accordance with the results of the study so that H1 is accepted. This shows that this research proves Asset Turnover (X1) has a positive and significant effect on ROI.

2. Effect of Debt to Equity Ratio (X2) on ROI (Y).

Hypothesis testing is done by comparing tcount and t tables. The hypothesis is accepted if tcount>ttable and sig <0.05. The value of the table at α 0.05 is 2.052. For the Debt to Equity Ratio variable, the t-count is 2.578> t table 2.052 and the significance level value is 0.016 <0.05. So the hypothesis has been formulated in accordance with the results of the study so that H2 is accepted. This shows that this study proves Debt to Equity Ratio (X2) has a negative and significant effect on ROI.

3. Effect of Sales Growth (X3) on ROI (Y)

Hypothesis testing is done by comparing the value of tcount and t table. The hypothesis is accepted if tcount>ttable and sig value <α 0.05. The value of the table at α 0.05 is 2.052. For the Sales Growt (X3) variable, the tcount is 2.325>ttable 2.052 and the significant level value is 0.028 <α 0.05. So the hypothesis has been formulated in accordance with the results of the study so that H3 is accepted. This shows that this research proves that Sales Growt (X3) has a negative and significant effect on ROI.

4. The determinant coefficient (R2)

The determinant coefficient (R2) is used to measure the role of the independent variable, namely Asset Turnover, Debt to Equity Ratio, Sales Growth simultaneously explain the changes that occur in the dependent variable, namely ROI. The value of determination is determined by R Square. R Square of 0.468 or 46.8% indicates

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that the contribution of variable Assets Turnover, Debt to Equity Ratio, Sales Growth, is equal to 46.8%. While the remaining 53.2% is influenced by other variables outside the model not discussed in this study.

V. CONCLUSION

The investment decision is related to the decision to invest company funds in assets that are expected to generate cash both in the current period and in the future period. Investment decisions are broadly related to the investment of company funds into working capital, fixed assets, research and development, product or service development, and others. Investment decisions are very important decisions, because investment is the main driving force of every business system. The purpose of financial statements is to provide information regarding the financial position, performance and changes in the financial position of a company that is useful for users in making decisions. The results prove that Asset Turn Over has a significant positive effect on company profitability while Debt to Equity and Sales Growth has a negative effect on company profitability. Based on the results of the study it can be concluded that company managers must be able to increase the profitability of the company through asset management, debt and sales. Asset turnover is a ratio to measure the level of effectiveness of the use of all company assets in order to generate sales or describe how much rupiah the company obtained from net sales or investments that have been carried out. The higher the turnover of assets produced by the company, the more effective the level of use of these assets in generating total net sales. If the resulting ratio is low, it is an indication that the company is not using its assets effectively in generating net sales. If that happens, then the company must increase sales, sell some assets, or do a combination of both.

Debt is one aspect that is the basis of assessment for investors to measure financial conditions. Debt is an obligation that must be paid off by the debtor, if it is not paid on time, it will be possible for a company to receive sanctions and consequences. Sanctions and consequences obtained in the form of transfer of ownership of assets at one time. The intended assets are collateral for each loan, such as land, buildings, vehicles and various other forms of assets, especially fixed assets. Sales is one of the most important and decisive functions of marketing for companies in achieving company goals. The company's goal is to make a profit and maintain the company's survival. Sales are now expected to be greater than the previous period. Sales must be able to cover costs so as to increase profits, so companies can determine steps to anticipate the possibility of ups and downs in sales in the coming year. Sales growth reflects changes in sales increase or decrease from year to year which can be seen from each company's income statement. A good company can be seen from the aspect of sales from year to year that continues to increase. This will impact on increasing company profits so that the company's internal funding also increases.

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