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Analysis of Factors Affecting Profitability in Automotive and Component Sub-Sector Companies on the Indonesia Stock Exchange 2018 – 2022

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ABSTRACT

The purpose of this study is to determine the factors that affect profitability in automotive and component sub-sector companies on the Indonesia Stock Exchange in 2018-2022. The dependent variable in this study is profitability while the independent variables in this study are liquidity, solvency and model structure. The population in this study is automotive and component sub-sector companies listed on the Indonesia Stock Exchange with a total population of 15 companies. This study uses purposive sampling technique with a sample size of 9 companies. The data used in this study are secondary data. The data analysis technique used is multiple linear regression analysis whose calculations use IBM SPSS 24 software. The results showed that liquidity, solvency and model structure had a positive and significant effect on profitability in automotive and component companies on the Indonesia Stock Exchange.

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KEYWORDS:

Liquidity, Solvency, Capital Structure, Profitability

1. INTRODUCTION

Automotive and component companies are one of the sub-sector companies on the Indonesia Stock Exchange that is growing in Indonesia. Indonesia is a country with rapid economic growth. This condition is supported by developments in the industrial sector, one of them. The increasing quantity of automotive and component companies is proof that the automotive and component industry attracts many parties based on the fact that Indonesia's economic strength is seen from people who have high purchasing power, especially because vehicles or automotive and components are community needs as a means of transportation..

A newly founded company needs to have specific goals. Maximizing profit or making as much profit as possible is the company's primary objective. High profitability is a reflection of the business's capacity to make money from its day-to-day operations. On the other hand, low profitability is indicative of the business's subpar operational performance, which limits its potential for profit- making.

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Because of this, every business needs competent managers in order for them to run efficiently and turn a profit. Every business uses a different approach to boost sales and enable its items to draw in customers in order to boost product sales. Profitability of the business will rise in tandem with sales growth.

Table 1. ROA Data of Automotive Sub-Sector Companies and Components on the Indonesia Stock Exchange 2018-2022

	Kode	2018	2019	2020	2021	2022
1	ASII	7,94	7,56	5,49	6,97	9,78
2	AUTO	4,28	5,10	-0,25	3,75	7,96
3	BOLT	5,77	4,07	-5,13	6,05	4,09
4	BRAM	6,54	52,18	-1,53	9,12	12,00
5	GDYR	0,40	-0,99	-6,13	2,03	-2,50
6	GJTL	-0,38	1,43	1,79	0,43	-1,00
7	IMAS	0,27	0,35	-1,40	-0,50	0,98
8	INDS	4,46	3,58	2,08	5,00	5,79
9	NIPS	0,15	-	-	-	-
10	LPIN	10,86	9,21	1,99	7,53	7,90
11	MASA	-8,36	-2,48	7,59	11,37	11,43
12	PRAS	0,50	-2,63	-0,30	-0,04	-5,75
13	SMSM	22,62	20,56	15,97	18,82	21,37
14	DRMA	-	-	-	12,04	14,79
15	ISAP	-	-	-	-	0,74
Total		**55,05**	**97,94**	**20,17**	**82,57**	**87,58**
Rata - rata		**4,23**	**8,16**	**1,68**	**6,35**	**6,26**

Source: www.idx.co.id

Based on the table data above, it shows that the average level of profitability (ROA) in automotive sub-sector companies from 2018 - 2022 has fluctuated every year. The average ROA for 2018 was 4.23 then in 2019 it increased by 8.16 then in 2020 it decreased by 1.68 then in 2021 it increased by 6.35 and the last year it decreased by 6.26.

According to Asyikin et al., 2018, profitability is a ratio to show how effective and efficient the company's operational capabilities are in generating profits or profits. This profitability provides an overview to know how effectively the company operates so that it can benefit the company itself. Profitability can be measured by linking the profit or profit obtained in the company's main activities with the wealth or assets that have been owned to generate company profits. In the company's operations, profit is an important part in ensuring the continuity of the company. With the ability to make a profit or profit using all the company's resources, the objectives in the company can be achieved.

The ability of a business to fulfill its immediate obligations is referred to as liquidity. One of the elements that determines whether a business succeeds or fails is liquidity. The liquidity ratio, according to (Napitupulu, 2019), is a statistic that gives a general idea of the company's capacity to pay off short-term debt. According to (Wijaya and Isnani, 2019), a high liquidity ratio indicates better business performance since it attracts creditors who are willing to lend the company short-term money, which helps it run smoothly.

Solvency also known as leverage is a ratio used in order to assess the ability of a company to pay off debts and all obligations using capital guarantees and assets (assets in any form) owned in the long term and short term.

(Akbar & Fahmi, 2020) state that a firm's capital structure describes the relationship between its own capital, which comes from shareholders' equity, and its owned capital, which comes from long-term debt (long-term liabilities). This relationship is what allows a company to be financed.

II. LITERATURE REVIEW

Signal Theory

The way in which owners are informed about the success or failure of management is explained by signal theory. Positive aspects of signaling theory include companies' ability to set themselves apart from those with "bad news" by telling the market about their situation. The market will not trust signals about strong future performance from companies with poor past financial performance. (Tearney and Folk in Dwiyanti, 2019).

Profitability

According to Harun and Jeandry (2018), profitability is the capacity of an organization to use working capital to generate profits so that it can pay off its short- and long-term debt and provide dividends to investors. According to Turkocma and Sugiyono (2018), profitability demonstrates a company's capacity to turn a profit over a specific time period at a given level of revenue, assets, and share capital. A company's ability to make money off of its capital or assets is reflected in its profitability (Arifianto & Chabachid, 2019).

Liquidity

The liquidity ratio serves as a gauge for the company's capacity to use its available current assets to pay down short-term debt when it matures. The liquidity ratio is employed to evaluate a company's capacity to fulfill its short-term and maturing debt (AS & Yuniningsih, 2020). The liquidity ratio is a well-known tool for assessing a company's capacity to pay short-term debt (Akbar & Fahmi, 2020).

From the above understanding, it can be concluded that the liquidity ratio is a ratio that shows the company's ability to pay short-term debt.

Solvency

According to (Safitri et al., 2018) the solvency ratio is a ratio used to measure the company's ability to meet its financial obligations, both short and long term. According to Brigham & Hauston (2018) the solvency ratio is a ratio used to measure how far a company uses debt. This means how much debt burden the company bears compared to its assets.

Capital Structure

According to Akbar and Fahmi (2020), a company's capital structure is how its financial proportions are arranged. Specifically, it is the ratio of owned capital, which comes from long-term debt or long-term liabilities, to own capital, or shareholders' equity, which is the company's funding source. According to (Fung, 2019), the capital structure is a long-term financing arrangement consisting of preferred stock, long-term debt, and shareholder capital that shows the appropriate ratio of long-term debt to equity. Meanwhile, Brigham & Houston, 2018: 476 state that the capital structure is a combination of debt, preferred stock, and common stock that is used to finance the business's assets.

Liquidity and Profitability

The results of this study are consistent with research by Khumairoh & Suprihhadi (2022), which also found that the current ratio has a positive and significant effect on profitability. Research by Wijaya & Isnani (2019) found that liquidity has a positive influence on profitability.

This shows that placing such a large amount of funds on the current asset side can have two different effects. The company's liquidity can improve, but also the company can lose profit because there should be funds used for profitable investments but are reserved to fulfill liquidity (Khumairoh & Suprihhadi, 2022).

H1 : Profitability is positively and significantly impacted by liquidity. in Indonesia Stock Exchange Automobile and Component Sub-Sector Companies

Solvency and Profitability

The results of Rahmawati's research (2019) show that Debt to Equity Ratio has a negative effect on Profitability. Meanwhile, Noor (2011) shows the results of the Debt to Equity Ratio has no effect on Profitability. According to Sudjaja & Suwaidi, (2022) the greater this ratio for the company, the better. Conversely, if this ratio is low, the higher the level of funding provided by the owner.

Signal theory is related to the solvency ratio. The solvency ratio is used to determine the extent to which a company can repay its debts, both short and long term, or to measure the amount of funds in its debt balance. Higher debt usage indicates that the company may have difficulty paying or repaying its debts. The lower the solvency ratio, the better the company's signal to investors (Hardaniyah, 2020).

H2 : The Indonesia Stock Exchange's automotive and component sub-sector companies' profitability is positively and significantly impacted by solvency..

Capital Structure and Profitability

According to study findings (Maulita & Tania, 2018), profitability is significantly impacted by the long-term debt to equity ratio.

The study by Vidyasari et al. (2022) on capital structure indicates that the higher the debt-to-ownership ratio (DER) in the debt-equity ratio (DER), the higher the financial risk. This financial risk may be a sign that the company is facing increasing costs in order to meet its responsibilities. Furthermore, taking on a lot of debt results in fixed costs like loan principle and interest charges, and larger fixed costs can lower business profitability. Profitability falls when a business with the same total assets has a decline in profit. The explanation aligns with the findings of Iskandar et al. (2014) and Rifai et al. (2015), who claimed that capital structure hurts profitability.

H3 : The Indonesia Stock Exchange's automotive and component sub-sector companies' profitability is positively and significantly impacted by capital structure.

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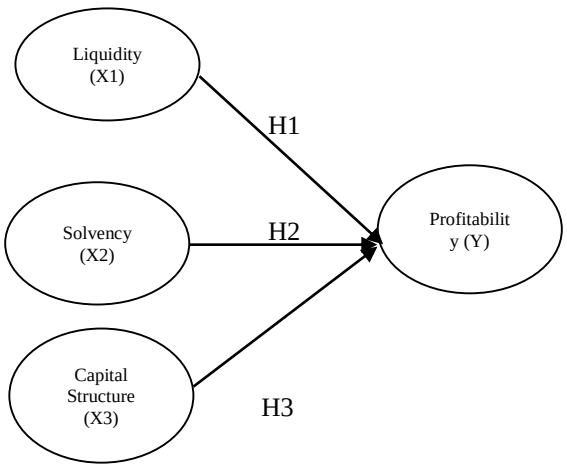

Fig 1. Conceptual Framework

III. RESEARCH METHODS

The dependent variable in this study is profitability while the independent variables in this study are liquidity, solvency and model structure. The population in this study is automotive sub-sector companies and components listed on the Indonesia Stock Exchange with a total population of 15 companies. This study uses purposive sampling technique with a sample size of 9 companies. The data used in this study are secondary data. The data analysis technique used is multiple linear regression analysis whose calculations use IBM SPSS 24 software.

IV. RESULTS AND DISCUSSION

The subject of this study is the automotive and component sub-sector companies listed on the IDX for the period of 2018–2022. Up to nine companies have been chosen based on specific criteria: (1) PT Astra International Tbk (ASII); (2) PT Astra Otopards Tbk (AUTO); (3) PT.Garuda Metalindo Tbk (BOLT); (4) PT Gajah Tunggal Tbk (GJTL); (5) PT Indomobil Sukses International Tbk (IMAS); (6) PT Indospring Tbk (INDS); (7) PT Multi Prima Sejahtera Tbk (LPIN); (8) PT Prima Alloy Steel Universal Tbk (PRAS); and (9) PT Selamat Sempurna Tbk (SMSM).

DESCRIPTION OF RESEARCH RESULTS

Liquidity

Table 2. Liquidity Data (Current Ratio) in Automotive and Component Sub-Sector Companies Listed on the Indonesia Stock Exchange during the period 2018-2022

No	Company	2018	2019	2020	2021
1	PT. Astra Internasional Tbk	112,63	129,11	154,32	154,43
2	PT. Astra Otopard Tbk	147,88	161,23	185,67	153,27
3	PT. Garuda Metalindo Tbk	179,84	200,55	16,05	153,31
4	PT. Gajah Tunggal Tbk	149,61	149,38	160,54	176,26
5	PT. Indomobil Sukses Internasional Tbk	76,77	77,49	75,58	71,53
6	PT. Indospring Tbk	521,13	582,82	616,68	287,82
7	PT. Multi Prima Sejahtera Tbk	420,01	469,99	2254,11	474,43
8	PT. Prima Alloy Steel Universal Tbk	10058,82	113,87	-9673,13	-61918,62
9	PT. Selamat Sempurna Tbk	394,32	463,65	576,06	417,53
Jumlah		12061,01	2348,09	-5634,13	-60030,04
Rata – Rata		1340,11	260,90	-626,01	-6670,00

Source: www.idx.co.id (data processed)

It can be seen in table 2 that the average Current Ratio of 9 Automotive and Component sub-sector companies listed on the Indonesia Stock Exchange from 2018 to 2022 fluctuates and tends to decrease. In 2018 the average CR was 1340.11 percent, decreased in 2019 by 260.90 percent, decreased in 2020 by -626.01 percent, decreased again in 2021 by -6670 percent and increased in 2022 by 174.11 percent.

Solvency

Table 3. Solvency Data (Debt Ratio) in Automotive and Component Sub-Sector Companies Listed on the Indonesia Stock Exchange during the period 2018-2022

No	Company	2018	2019	2020	2021
1	PT. Astra Internasional Tbk	49,42	46,94	42,21	41,30
2	PT. Astra Otopard Tbk	29,11	27,26	25,75	30,10
3	PT. Garuda Metalindo Tbk	43,76	39,88	37,45	40,25
4	PT. Gajah Tunggal Tbk	70,19	66,93	61,45	61,16
5	PT. Indomobil Sukses Internasional Tbk	74,79	78,95	73,73	74,82
6	PT. Indospring Tbk	11,61	9,25	9,29	19,10
7	PT. Multi Prima Sejahtera Tbk	9,29	6,65	8,24	8,64
8	PT. Prima Alloy Steel Universal Tbk	57,93	61,03	68,04	70,24
9	PT. Selamat Sempurna Tbk	23,24	21,39	21,54	24,74
Jumlah		369,34	358,28	347,69	370,37
Rata – Rata		41,04	39,81	38,63	41,15

Source: www.idx.co.id (data processed)

It can be seen in table 3 that the average Debt Ratio of 9 companies in the Automotive and Component sub-sectors listed on the Indonesia Stock Exchange from 2018 to 2022 fluctuates and tends to decrease. In 2018 the average DR was 41.04 percent, decreased in 2019 by 39.81 percent, decreased in 2020 by 38.63 percent, increased in 2021 by 41.15 percent and then rose again in 2022 by 42.43 percent.

Capital structure

Table 4. Capital Structure Data (Debt to Equity Ratio) in Automotive and Component Sub-Sector Companies Listed on the Indonesia Stock Exchange during the period 2018-2022

No	Company	2018	2019	2020	2021	2022
1	PT. Astra Internasional Tbk	97,70	88,45	73,03	70,36	69,58
2	PT. Astra Otopard Tbk	41,07	37,47	34,69	43,07	41,91
3	PT. Garuda Metalindo Tbk	77,82	66,34	59,86	67,37	65,57
4	PT. Gajah Tunggal Tbk	235,47	202,39	159,39	157,49	163,17
5	PT. Indomobil Sukses Internasional Tbk	74,79	78,95	73,73	74,82	75,34
6	PT. Indospring Tbk	13,13	10,19	10,24	23,61	30,18
7	PT. Multi Prima Sejahtera Tbk	10,24	7,13	8,98	9,46	10,72
8	PT. Prima Alloy Steel Universal Tbk	137,68	156,63	221,04	236,06	321,14
9	PT. Selamat Sempurna Tbk	30,27	21,39	21,54	24,74	24,22
Jumlah		718,17	668,95	662,50	706,97	801,83
Rata – Rata		79,80	74,33	73,61	78,55	89,09

Source: www.idx.co.id (data processed)

It can be seen in table 4. that the average Debt to Equity Ratio of 9 companies in the Automotive and Component sub-sectors listed on the Indonesia Stock Exchange from 2018 to 2022 fluctuates and tends to decrease. In 2018 the average DER was 79.80 percent, decreased in 2019 by 74.33 percent, decreased in 2020 by 73.61 percent, increased in 2021 by 78.55 percent and then rose again in 2022 by 89.09 percent.

Profitability

Table 5. Profitability Data (Return on Assets) on Automotive and Component Sub-Sector Companies Listed on the Indonesia Stock Exchange during the period 2018-2022

No	Coompany	2018	2019	2020	2021	2022
1	PT. Astra Internasional Tbk	7,94	7,56	5,49	6,97	9,78
2	PT. Astra Otopard Tbk	4,28	5,10	-0,25	3,75	7,96
3	PT. Garuda Metalindo Tbk	5,77	4,07	-5,13	6,05	4,09
4	PT. Gajah Tunggal Tbk	-0,38	1,43	1,79	0,40	-1,00
5	PT. Indomobil Sukses Internasional Tbk	0,24	0,35	-1,40	-0,50	0,98
6	PT. Indospring Tbk	4,46	3,58	2,08	4,78	5,79
7	PT. Multi Prima Sejahtera Tbk	10,86	9,21	1,99	7,53	7,90
8	PT. Prima Alloy Steel Universal Tbk	0,50	-2,63	-0,29	-0,04	-5,75
9	PT. Selamat Sempurna Tbk	22,62	20,56	15,97	18,82	21,37
Jumlah		56,29	49,22	20,26	47,75	51,12
Rata - Rata		6,25	5,47	2,25	5,31	5,68

Source: www.idx.co.id (data processed)

It can be seen in table 5 that the average Return On Assets of 9 companies in the Automotive and Component sub-sectors listed on the Indonesia Stock Exchange from 2018 to 2022 fluctuates and tends to decrease. In 2018 the average ROA was 6.25 percent, decreased in 2019 by 5.47 percent, decreased in 2020 by 2.25 percent, increased in 2021 by 5.31 percent and then rose again in 2022 by 5.68 percent.

Outlier Test

There are outliers if Mahal. Distance Maximum > Prob. & Number of variables [=CHIINV(0.001;4): searched through Excel] = 18.466.

Table 6. Outlier Test Results

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	-4,7229	10,0695	4,9923	3,83131	45
Std. Predicted Value	-2,536	1,325	,000	1,000	45
Standard Error of Predicted Value	,152	,969	,258	,146	45
Adjusted Predicted Value	-4,6096	10,0816	5,0308	3,79671	45
Residual	-1,95811	2,65402	,000	,95869	45
Std. Residual	-1,972	2,672	,000	,965	45
Stud. Residual	-1,996	2,721	-,010	,987	45
Deleted Residual	-2,00634	2,75105	-,03854	1,02133	45
Stud. Deleted Residual	-2,075	2,969	,002	1,029	45
Mahal. Distance	,059	15,893	2,933	6,463	45
Cook's Distance	,000	,444	,021	,067	45
Centered Leverage Value	,001	,929	,067	,147	45

Source: Data Processed

The worth of Mahal. Since there are no outliers in the data and the maximum distance of 15.893 is less than the outlier limit of 18.466, the data is of excellent quality and may be processed further using a sample size of 45 cases.

Normality Test

Normality: Whether or not the independent and dependent variables in a regression model have a normal distribution.

Tabel 7. Normality Test Results

		Unstandardized Residual
N		45
Normal Parameters[a,b]	Mean	,000
	Std. Deviation	,95868911
Most Extreme Differences	Absolute	,172
	Positive	,172
	Negative	-,112
Test Statistic		,172
Asymp. Sig. (2-tailed)		,092[c]

Source : Data Processed 2023

It was determined that all of the variables under study had a normal distribution using the Kolmogorov-Smirnov test, and that all of the data met the assumption of a normal distribution because the Asymp. Sig (significance) Unstandardized Residual of 0.092 is greater than 0.05 or NonSignificant.

Multicollinearity Test

Multicollinearity: The correlation of independent variables in multiple regression.

Table 8. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	CR (X1)	,862	1,160
	DR (X2)	,384	2,604
	DER (X3)	,352	2,843

Source: Dara Processed

The results of the analysis of this study show the absence of multicollinearity symptoms in all independent variables (CR, DR, and DER) where the VIF value on the three independent variables is smaller than 10, which tests the traditional assumptions of multiple linear regression analysis.

Table 9. Multicollinearity Test Results

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	CR (X1)	DR (X2)	DER (X3)
1	1	2,754	1,000	,020	,010	,010	,020
2		,949	1,703	,020	,820	,000	,000
3		,237	3,406	,510	,140	,000	,290
4		,060	6,801	,450	,030	,980	,690

Source: Data Processed

The eigenvalue and condition index are also taken into account in the collinearity diagnostics table that follows from the linear regression test. In the event that the Eigenvalue exceeds 0.01 and/or the Condition Index falls below 30, it can be said that the regression model does not exhibit multicollinearity symptoms. The greatest condition index is 6.801 less than 30, and the lowest eigenvalue is 0.060> 0.010, according to the Collinearity Diagnostics table. For this reason, multicollinearity is absent from this regression model.

Heteroscedasticity Test

Heteroscedasticity: The variants of the residuals from one observation to another have different variants. If it is the same, it is called Homoscedasticity. A good regression model does not have heteroscedasticity..

Tabel 10. Heteroscedasticity Test Results

			CR (X1)	DR (X2)	DER (X3)	Unstandardized Residual
Spearman's rho	CR (X1)	Correlation Coefficient	1,000	-,814**	-,739**	-,050
		Sig. (2-tailed)	.	,000	,000	,743
		N	45	45	45	45
	DR (X2)	Correlation Coefficient	-,814**	1,000	,932**	,175
		Sig. (2-tailed)	,000	.	,000	,250
	N		45	45	45	45
	DER (X3)	Correlation Coefficient	-,739**	,932**	1,000	,243
		Sig. (2-tailed)	,000	,000	.	,107
		N	45	45	45	45
	Unstandardized Residual	Correlation Coefficient	-,050	,175	,243	1,000
		Sig. (2-tailed)	,743	,250	,107	.
	N		45	45	45	45

Source: Data Processed

Based on the results of the correlation analysis between the independent variables and Unstandardized residuals, it shows that the independent variables, namely CR, DR, and DER, do not have a significant correlation with the residuals, where all variables of Significance value with unstandardized residuals are greater than 0.05 or Non Significant, so the results of this analysis can be concluded that all research variables do not occur Heteroscedasticity.

Autocorrelation Test

Autocorrelation: There is a correlation between the confounding error in period t and the confounding error in period t-1 (previous). If the data is above 15

Table 11. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,970[a]	0,941	0,937	0,99314	1,899

Source: Data Processed

The analysis's results demonstrate that the Durbin Watson value for the traditional assumptions used to identify autocorrelation in this case is 1.899. The Durbin Watson Table values are dL = 1.383 and dU = 1.666 with the quantity of data (N) = 45, the number of independent variables (K) = 3, and α = 0.05. It may be observed that the estimated Durbin

Watson (DW) value is still in the question area by comparing it to the Durbin Watson table.

Thus, it can be said that the multiple linear regression model that was obtained for this study satisfies the traditional assumptions, which include the normative data for all variables, autocorrelation, heteroscedasticity, and multicollinearity.

Multiple Liner Regression Analysis

Tabel 12. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	10,914	,309		35,294	,000
CR (X1)	3,00687	,000	,089	2,175	,035
DR (X2)	,097	,010	,569	9,307	,000
DER (X3)	,026	,003	,482	7,544	,000

Souce: Data Processed

The constant value of 10.914 denotes that the value of ROA (Y) is 10.914 in the case where the independent variables CR, DR, and DER are zero or constant. X1's coefficient value is 3.00687, indicating a unidirectional change between X1 and Y. This implies that for every unit rise in CR, there is a corresponding increase in Y. assuming that the other independent variables in the regression model are fixed, the ROA (Y) variable grows by 3.00687 units, and vice versa, for every unit reduction in CR, the ROA (Y) variable reduces by 3.00687 units. Assuming that the other independent variables of the regression model remain fixed, the coefficient value of X2 = 0.097 indicates a unidirectional change between X2 and Y. This means that for every unit increase in CR, the ROA (Y) variable increases by 0.097 units, and vice versa. Based on this relationship. The coefficient value of X3 is 0.026, indicating a unidirectional change between X3 and Y. This suggests that the ROA (Y) variable increases by 0.026 units for every unit increase in DER and decreases by 0.026 units for every unit decrease in DER.

Under the assumption that the remaining independent variables in the regression model are fixed, (Y) reduces by 0.026 units.

Simultaneous Test Results (F)

Based on the test results with the F test, which show that the significance value (Sig.) = 0.000 <0.05, we can conclude that the multiple regression analysis tool used in this research model is appropriate or feasible to use as a research model with a significant level of 0.000, as shown in the following table.

Table 13. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	645,872	3	215,291	218,273	,000[b]
Residual	40,44	41	,986		
Total	686,311	44			

Source: Data Processed

Partial Test (t)

The t test is a test used to prove the hypothesis proposed in the study. There are 3 hypotheses regarding the relationship between the dependent variable and the independent variable proposed at the beginning of the study. The hypothesis will then be proven to determine the facts or findings of the research. The t test can be used to see whether there is an influence between research variables or not.

Table 14. Partial Test Results (t)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	10,914	,309		35,294	,000
CR (X1)	3,00687	,000	,089	2,175	,035
DR (X2)	,097	,010	,569	9,307	,000
DER (X3)	,026	,003	,482	7,544	,000

Source: Data Processed

From the coeficients table above, we can conclude the results of hypothesis testing as follows:

H1 : The Indonesia Stock Exchange's Automotive and Component Sub-Sector Companies can acknowledge that liquidity (CR) has a positive and substantial effect on profitability (ROA), with a coefficient of 3.00687 and a sig level of 0.035 < α = 0.05 showing significant (positive) results.

H2 : The Indonesia Stock Exchange's Automotive Sub-Sector Companies and Components can acknowledge that solvency (DR) has a positive and substantial effect on profitability (ROA), with a coefficient of 0.097 and a sig level of 0.000 < α = 0.05 showing significant (positive) results.

H3 : The Indonesia Stock Exchange's Automotive Sub-Sector Companies and Components can acknowledge that Capital Structure (DER) has a positive and substantial effect on profitability (ROA), with a coefficient of 0.026 and a sig level of 0.000 < α = 0.05 showing significant (positive) results.

Coefficient of Determination

The percentage contribution of each independent variable's combined influence on the dependent variable is ascertained via determination analysis in linear regression.

This coefficient indicates the extent to which the percentage fluctuation in the model's independent variables can account for variations in the dependent variable.

Table 15. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,970[a]	0,941	0,937	0,99314

Source: Data Processed

The independent variables CR, DR, and DER have an influence on the ROA (Y) variable, which has a variance of 94.1%. Variables not included in this study have an influence on the remaining 5.9% of the variance. This is seen from the following table, where the link between the independent variables CR, DR, and DER is correlated with a coefficient of determination (R-square) of 0.941, as indicated by the multiple correlation coefficient (R) value of 0.970.

V. DISCUSSION

Effect of Liquidity (X1) on Profitability (Y)

Based on this study, it shows that Likuditas proxied by CR (Current Ratio) has a significant positive effect on profitability (ROA) of the automotive and component sub-sectors listed on the IDX for the 2018-2022 period. In this case the coefficient value for Current Ratio with Return On Assets is 3.00687. This shows that Current Ratio has a positive effect with Return On Assets. Based on this research, the company can manage current assets so that profitability also increases. However, high liquidity cannot be said to be good because without the utilization of the value owned to generate profits, it will become a burden which can be said that the cash in the company is idle. The higher the current ratio can also be said to be better, which means the higher the ability to pay current debt. The company is able to manage its short-term debt as well and has an impact on the company's profitability.

This study has similarities with the results of research conducted by (Erina, 2020) and (Randy & Nurjanti, 2020) which state that liquidity has a positive effect on profitability. But it does not support research conducted by (Putra, 2017) which states that liquidity has a negative effect on profitability.

Effect of Solvency (X2) on Profitability (Y)

This study demonstrates that, for the 2018–2022 timeframe, profitability (ROA) of the automotive and component sub-sectors listed on the IDX is significantly positively impacted by solvency, as measured by the debt ratio (DR). In this instance, the debt ratio with return on assets has a coefficient value of 0.097. This demonstrates how the Debt Ratio and Return on Assets have a favorable relationship.

Based on this research, it shows that funding with more and more debt, so that the company will be financed by debt to financial institutions to be able to finance operational activities in the company. These results indicate that companies that have low debt and high profits or high debt and low profits, therefore high leverage will reduce the company's profitability because it can lead to increased interest costs and the risk of default.

This study has similarities with the results of research conducted by (Damanik, 2018) and (Turrochma, 2018) which state that leverage has a positive effect on profitability. But it does not support research conducted by (Randy & Nurjanti, 2020) which states that solvency has no effect on profitability.

Effect of Capital Structure (X3) on Profitability (Y)

Based on this study, it shows that the Capital Structure proxied by Debt to Equity Ratio (DER) has a significant positive effect on profitability (ROA) of the automotive and component sub-sectors listed on the IDX for the 2018-2022 period. In this case the coefficient value for DER with Return On Assets is 0.026. This shows that DER has a significant positive effect on Return On Assets.

Based on this research, a large company size does not guarantee that it will fully manage the existence of assets owned by the company as the main source of profit achievement.

This study has similarities with the results of research conducted by (Erina, 2020) which states that capital structure has a significant positive effect on profitability. But it does not support research conducted by (Amrita, 2019) and (Kevin, 2018) which states that capital structure has a significant negative effect on profitability.

VI. CONCLUSION

On the basis of the findings of the investigation carried out, it can be concluded that:

1. Liquidity proxied by CR (Current Ratio) contributes and has a positive direction towards the profitability of automotive sub-sector companies and components listed on the Indonesia Stock Exchange for the period 2018-2022.
2. Solvency proxied by DR (Debt Ratio) contributes and has a positive direction towards the profitability of automotive sub-sector companies and components listed on the Indonesia Stock Exchange for the period 2018-2022.
3. Capital Structure proxied by DER (Debt to Equity Ratio) contributes and has a positive direction on the profitability of automotive sub-sector companies and components listed on the Indonesia Stock Exchange for the 2018-2022 period.

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