THE EFFECT OF PRODUCTION COSTS AND OPERATIONAL COSTS ON NET PROFIT ON METALS MANUFACTURING COMPANIES AND SOMETHING LISTED ON THE STOCK EXCHANGE INDONESIA (IDX) PERIOD 2013-2017

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ABSTRACT

Based on the results of the research, the cost of production producestcount 2,958 (tcount 2,958 > ttable 2,034) and sig. 0.006 < 0.05. Thus H0 is rejected. This means that there is a significant positive effect on production costs on profits in metal and similar manufacturing companies listed on the Indonesia Stock Exchange for the 2013-2017 period. Based on the results of the research on Operating Costs to Profit, the tcount value is 2,258 (tcount2,258 > ttable 2.034) and the sig value is 0.031 <0.05. Thus H0 is rejected. This means that there is a positive and significant effect of Operating Costs on Profits in Metal and Similar Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the 2013-2017 period. Based on the results of the research on Production Costs and Operational Costs, the fcount value is 133.4857 while the ftable value is 2.90.

Keywords: *Production Cost, Operational Cost and Net Profit*

A. Introduction

The company as a form of organization generally has certain goals to be achieved in an effort to meet the interests of its members. In general, a company is an organization where resources (inputs), such as raw materials and labor are processed to produce goods or services (outputs) for customers. The purpose of a company being founded is to make a profit for its owners. To be able to make a profit, a company must have a product that can be sold to the public. These products can be in the form of non-physical products, raw materials, or finished goods that are ready for consumption. To be able to produce a certain product, every company must have various resources needed to produce that product. These resources can include land, machinery, labor, capital, raw materials, and others. Without having resources and products, an organization cannot be called a company, because a company is an organization where resources such as raw materials and labor are processed to produce goods or services for customers (Rudianto, 2009).

profit is the difference between the amount received from the customer for the goods or services produced and the amount spent to purchase natural resources in producing the goods or services. A company's profit is a company's description of the performance achieved from the general transaction process carried out by the company during a certain period, and profit can be used as an indicator for stakeholders to assess the extent of management's performance in managing a company. In achieving the company's profit will not be separated from the name of the cost, because the cost is a sacrifice of the company in order to earn revenue. Profit is the general purpose of the existence of every company, so operating profit is an important element that drives all productive activities in a company. The need to generate operating profits is the main driving factor for all economic activities carried out by the company, starting from determining the products to be produced by the company, finding and collecting the necessary resources so as to move and direct each of the resources owned by the company to achieve the company's general goals (Rudianto, 2009). 2009). Manufacturing companies are companies that process inventories of raw materials into finished goods or called production activities (Hermawan, 2008:157) says that: "Activities or processes to produce finished goods clearly require a number of economic resources which can be broadly divided into: labor , raw materials, and other resources that are often referred to as overhead.” The production process is the largest portion as well as the main process of providing goods, so a profit-oriented company ensures that the products sold get a higher reward from the sacrifice of providing the finished goods (Wicaksono, 2006:21). One of the elements that affect profit are the costs incurred by the company during the production process, both production costs and costs incurred to make a number of goods or services. Production costs are grouped into three, namely raw material costs, direct labor costs and factory overhead costs (Hanggana, 2009). The production costs determine the selling price of a product or service which will affect the amount of profit earned. As stated by Mulyadi in his book cost accounting, states that production costs have an effect on operating profit. Production costs are costs used in the production process consisting of direct material costs and factory overhead costs (Bustami 2009). Production costs are an economic resource that is sacrificed to produce output, the output value is expected to be greater than the input sacrificed to produce the output so that organizational activities can generate profits.

B. Theoretical Basis

1. Profit

Profit is the element that is of most concern to users because profit figures are expected to be rich enough to show the overall performance of the company. Profit (profit) is the difference between the amount received from customers for goods or services produced with the amount spent to buy natural resources in producing these goods or services. A company's profit is a company's description of the performance achieved from the general transaction process carried out by the company during a certain period, and profit can be used as an indicator for stakeholders to assess the extent of management's performance in managing a company. Kasmir (2012) states that: "Net Profit (Net Profit) is profit that has been deducted by costs which are the company's burden in a certain period including taxes". According to Kuswadi (2005: 135), states that "the calculation of profit is obtained from income minus all costs". While the Financial Accounting Standards (SAK, 2007) defines: “Net income is a measure of performance or as a basis for other measures of return on investment or earnings per share. Based on the results of the above understanding, it can be concluded that profit is the total income minus the total costs.

2. Cost

Cost is the sacrifice of economic resources measured in units of money that has occurred or is likely to occur to achieve certain goals. These costs have not yet expired, and are classified as assets that are included in the balance sheet. Examples: raw material inventory, work-in-process inventory, finished product inventory, unused assets. (Bastain Bustami 2013:7)

According to Mulyadi (2002:2) cost is the sacrifice of economic resources, which is measured in units of money. What has happened or is likely to happen to achieve a particular goal. From this definition there are four main elements in costs, namely:

1. Cost is an economic resource
2. Measured in units of money
3. What has happened or is likely to have happened
4. The sacrifice is to obtain current and/or future benefits.

The following are some of the objectives of determining production costs:

1. To determine the exact amount of production costs

   Proof of transactions related to expenses is collected and used as the basis for recording the occurrence of expenses. collection of evidence, recording and determining the occurrence of the right production costs will result in the right product costing

2. To control costs
   Collecting all proof of transactions, recording, and determining the right production costs will make management tasks easier in terms of monitoring and controlling production costs.
3. To help decision making
   Determination of production costs is also very helpful for a company to make short-term decisions, including:
   - Purchase of raw materials
   - Purchase of production equipment
   - Determination of the selling price of finished goods

3. Operating Cost

Rudianto (2009) defines the notion of operational costs, namely: "components of company costs outside of production costs are costs to market the company's products until they reach consumers along with all costs incurred related to administrative processes carried out by the company". while Bustami and Nurlela (2013) stated that: "Operational costs are costs that are not related to the production process but only include marketing costs and general and administrative costs". From the above understanding it can be concluded that operational costs are expenses related to operations, namely all expenses that are directly used for the production or purchase of traded goods including general, sales, and administrative costs. And operational costs are costs that must be incurred so that the company's activities or operations continue to run).

C. Research Method

Based on the problem formulation and objectives described in the previous chapter, this study uses a research approach, namely an associative approach. The operational definition is a definition based on what is observed. The operational definition is a reference from the theoretical basis used to conduct research where one variable can be linked to another so that the researcher can adapt it to the desired data. The population used in this study are metal manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the period 2013 to 2017 as many as 16 companies. The samples used were 7 companies. The type of data used in this research is quantitative data. While the source of data in this study is secondary data obtained from the financial statements of metal manufacturing companies listed on the Indonesia Stock Exchange in the 2013-2017 period. In this study, the data collection method used by the author is a study of documentation, the type of data used in this study is secondary data. Secondary data is a source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study are in the form of profit and loss report data, production cost data and company operational cost data for 2013-2017.

Information on Profit and Loss Report data, Production Cost data and Operational Cost data are obtained from the Financial Statements of metal manufacturing companies listed on the Indonesia Stock Exchange. In this study, the data collection method used by the author is a study of documentation, the type of data used in this study is secondary data. Secondary data is a source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study are in the form of profit and loss report data, production cost data and company operational cost data for 2013-2017. Information on Profit and Loss Report data, Production Cost data and Operational Cost data are obtained from the Financial Statements of metal manufacturing companies listed on the Indonesia Stock Exchange. In this study, the data collection method used by the author is a study of documentation, the type of data used in this study is secondary data. Secondary data is a source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study are in the form of profit and loss report data, production cost data and company operational cost data for 2013-2017. Information on Profit and Loss Report data, Production Cost data and Operational Cost data are obtained from the Financial Statements of metal manufacturing companies listed on the Indonesia Stock Exchange. Secondary data is a source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study are in the form of profit and loss report data, production cost data and company operational cost data for 2013-2017. Information on Profit and Loss Report data, Production Cost data and Operational Cost data are obtained from the Financial Statements of metal manufacturing companies listed on the Indonesia Stock Exchange. Secondary data is a source of research data obtained by researchers indirectly or through intermediary media. Secondary data in this study are in the form of profit and loss report data, production cost data and company operational cost data for 2013-2017. Information on Profit and Loss Report data, Production Cost data and Operational Cost data are obtained from the Financial Statements of metal manufacturing companies listed on the Indonesia Stock Exchange.

D. Research and Discussion Results

1. Test Statistic t

To test hypotheses 1 and 2, the author uses the t test (partial test). The t statistic test was conducted to test whether the independent variable (X) individually had a significant effect or not on the related variable (Y). The test results data obtained can be seen based on the following table:

Tabel 1
Partial Results (t)

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig,
	B	Std, Error	Beta		
1 (Constant)	-,200	,083		-2,410	,022
Production cost	,665	,225	,543	2,958	,006
Operating costs	,481	,213	,414	2,258	,031

a, Dependent Variable: Net Profit

2. Discussion

Effect of Production Costs on Profit

Based on the results of the research above, for the effect of production costs on profits, the value is 2,958 > 2,034. And the significant value is 0.006 (less than 0.05). This means that H0 is rejected and Ha is accepted. Based on these results, it can be concluded that production costs have a positive and significant effect on profits in metal and similar manufacturing companies listed on the Indonesia Stock Exchange for the 2013-2017 period.

The high cost of production has an impact on the level of sales. In quantity, a company has limited its production by adjusting the production costs that must be incurred. When the product yields are reduced in quantity, of course, it also has an impact on the profits earned (Sadayy, 2014).

The importance of reducing production costs because it affects the profits earned by the company. To find out whether certain orders are able to generate gross profit or result in gross losses, management needs information on production costs that have been incurred to produce certain orders. (Mulyadi, 2005). In accordance with the opinion of Jopie Jusuf (2006) that, if the company can reduce operating costs, the company will be able to increase net income, and vice versa, if there is a waste of costs it will result in a decrease in profit. According to Efilia (2014) expenses are cash flows or other uses of assets or the incurrence of liabilities (a combination of both) from the delivery or production of goods, rendering of services, or carrying out other activities that constitute the entity's main business.

Effect of Operating Costs on Profit

Based on the results of the research above, for the effect of Operating Costs on Profit, the value is 2.258 > 2.034. And a significant value of 0.031 (smaller than 0.05). This means that H0 is rejected and Ha is accepted. Based on these results, it can be concluded that operating costs have a significant effect on profits in metal and similar manufacturing companies listed on the Indonesia Stock Exchange for the 2013-2017 period.

To generate profit or income, of course, the company must be willing to incur costs related to the company's operating activities. Revenue and expenses cannot be separated, where income is the result that can be obtained from operating activities carried out by the company while expenses are costs incurred or used to obtain the expected income by the company. Companywill show the size of the company's profit if it can reduce its operational costs. According to Kuswadi (2007) in the profit and loss calculation, the amount of this cost will reduce the profit or increase the company's loss. So, the greater the value of the operational costs, the smaller the profit obtained and vice versa if the operational costs can be minimized, the profit generated will be maximized as well.

Effect of Production Costs and Operating Costs on Profit

Based onThe f test results above obtained a significance value of 133.4857 > 2.90 and a significance value of 0.000 < 0.05. Based on these results, it proves that production costs and operating costs together have a significant effect on profits in metal and similar manufacturing companies listed on the Indonesia Stock Exchange for the 2013-2017 period. This is in line with research conducted by Meiza Efilia (2014) which states that production costs and operating expenses have a significant effect on profit. Likewise with research conducted by Regiana Eka Anjani (2015) which states that production costs and operating costs have a positive effect on profits.

E. Conclusions And Sugesstion

A.Conclusions

a. Based on the results of the research on Operating Costs to Profit,tcount 2,258 (tcount2,258 > ttable 2,034) and sig value 0.031 < 0.05.Thus H0 is rejected. This means that there is a positive and significant effect of Operating Costs on Profits in Metal and Similar Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the 2013-2017 period.
b. Based on the results of the research on Production Costs and Operational Costs, the fcount value is 133.4857 while the ftable value is 2.90. Thus fcount > ftable which is 133.4857 > 2.90 and a significant value of 0.000 (smaller than 0.05) this proves that production costs and operating costs together have a significant effect on profits in listed metal and similar manufacturing companies on the

Indonesia Stock Exchange for the 2013-2017 period.

c. Based on the results of the research on Production Costs and Operational Costs, the fcount value is 133.4857 while the ftable value is 2.90. Thus fcount > ftable which is 133.4857 > 2.90 and a significant value of 0.000 (smaller than 0.05) this proves that production costs and operating costs together have a significant effect on profits in listed metal and similar manufacturing companies on the Indonesia Stock Exchange for the 2013-2017 period.

B. Sugesstions

1. For companies, it is better to spend minimal operational costs in order to get maximum profit. The company is also expected to pay attention to the value of the costs incurred in order to increase the value of income which increases significantly.
2. Future researchers are expected to add other research variables which are expected to have a greater effect on earnings. Because there are many other internal and external factors that can affect net income.
3. For the further development of management science, based on the results of the research above, it is clear that production costs and operational costs have an effect on profits. It is recommended to increase the number of years to be researched in order to strengthen the research results.

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