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DETERMINANTS OF PROFITABILITY OF PROPERTY AND REAL ESTATE COMPANIES LISTED ON STOCK EXCHANGE: THE CASE OF INDONESIA

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Abstract *– This study aimed to examine and analyze the effect of liquidity, activity, leverage, and company growth on profitability. The objects of this research were property and real estate companies listed on the Indonesia Stock Exchange in 2013-2017. The research sample was selected using the purposive sampling method. The research population comprised of 48 companies, in which 31 companies met the sample criteria. The analytical method used in this study was panel data regression. The results showed that the best panel model was the fixed effect model. It was found that liquidity, activity, leverage, and company growth simultaneously significantly influenced profitability. Partially, the company's activities and growth had a positive and significant effect on profitability, leverage had a negative and significant effect on profitability, while liquidity had no significant effect on profitability. Activity was the variable which had the biggest effect on profitability.*

Keywords: *liquidity; activity; leverage; company growth; profitability*

INTRODUCTION

Every company has the expected goals in carrying out its operations. According to Hirdinis (2019), the main purpose of the company, according to the theory of the firm, is to maximize the wealth or value of the said company. Maximizing the value of a company is very important for a company, because by maximizing the value of the company, one also maximizes shareholder wealth, which is the main goal of the company.

According to Brigham and Houston (2013), the purpose of establishing a company is to prosper shareholders or company owners. To prosper the owner of the company, it is needed to maximize the corporate profits. To obtain maximum profit as targeted, good management is needed as well as the improvement of product quality and quality human resources. The level of a company's ability to generate profits is illustrated by profitability. One indicator that can be used to measure profitability ratios is Return on Assets (ROA).

Profitability is an important indicator of financial statements that is the basis for decision making for investors and creditors. Profitability is the basis for investors to make decisions whether to invest their capital or not in a company. Investors are generally interested in current and expected earnings in the future and the stability of these revenues. Profitability is also the basis for creditors as a basis for assessing whether a company is worthy to be given a loan.

An industry which has great potential to attract investors' attention is the property and real estate sector. It is because this sector provides opportunities for growth and has bright prospects in the future. The development of the property and real estate industry is so rapid today and will be even greater in the future. Property and real estate business is a business that is known to have the characteristics of rapidly changing (volatile), intense competition, persistent, and complex. The increase in property prices is due to land prices that tend to rise, land supply is fixed, while the demand will always increase along with the increase in population.

According to Kurniawan (2018), based on data from the Central Bureau of Statistics (BPS) the property sector grew in the first quarter of 2018, although it was below the national economic growth which was 3.23% but the growth rate was higher than the achievement in the first quarter of 2017 which was only 2.86%. The results of the 2017 Quarter IV Residential Property Price survey showed that residential property sales during the last quarter of last year increased 3.05%, higher than the 2.58% increase in the previous period. One of the factors contributing to the growth of the property sector in the second semester of 2017 until the first quarter of 2018 was the low bank credit interest rates.

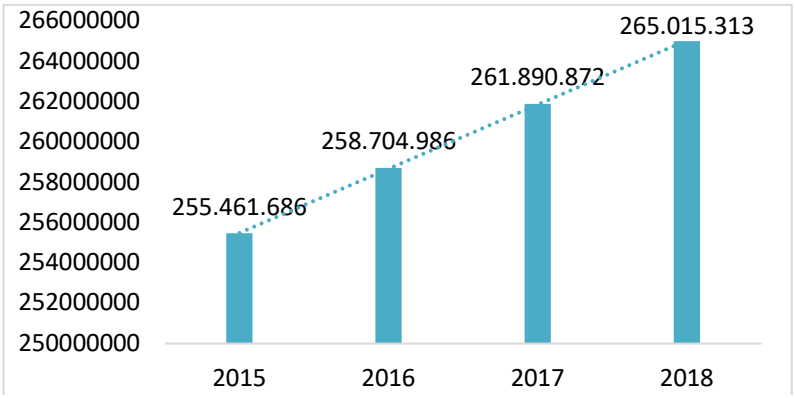

Figure 1. Number of Indonesian Populations in 2015-2018
Source: Central Bureau of Statistics (BPS) (2018)

BPS data showed that the population in Indonesia from 2015 to 2018 increased every year. This increase in population automatically increased the demand for the property sector, especially housing. The government estimated that by 2025 the number of housing needs in Indonesia will reach 30 million units or around 1 million units per year, in line with the rate of population growth in Indonesia each year. In addition, the increase in population will also increase the number of development requests for apartments, shopping centers, offices, and other infrastructure.

According to Crawford and Davies (2014), profitability shows the level of the company's ability to generate profits, as well as the effectiveness of its management. If the company knows its profitability ratio, the company can monitor the company's development periodically so that it can find out the condition of the company whether it has good prospects or not in the future. The higher level of profitability indicates that the company produced good performance. The better the company financial performance shows that the company is stable and able to achieve its objectives, which is to obtain profits in order to improve the welfare of the company's owners. In maximizing company profits, it is necessary to consider the factors that affect the profitability of the company so that the company can determine the right steps to overcome the problems and minimize the negative impacts that can arise. In addition, knowing the factors that affect profitability can help management and investors to evaluate before making a business decision.

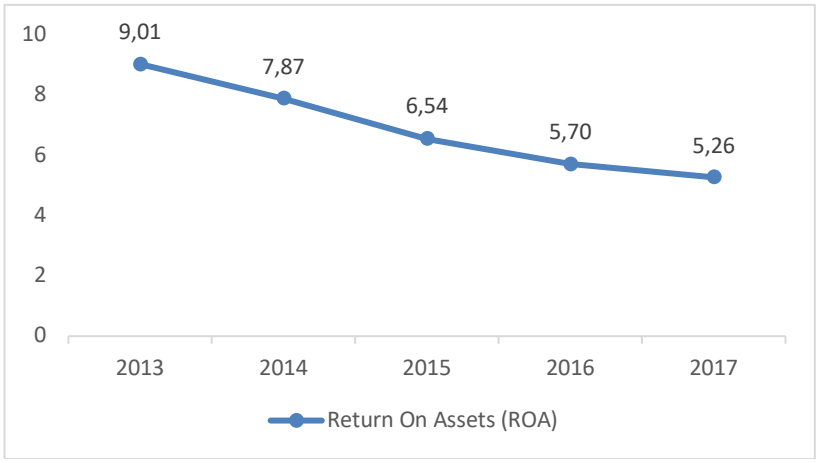

Figure 2. The Average of Property and Real Estate Company's Returns on Assets (ROA) Listed on Indonesia Stock Exchange in 2013-2017
Source: Secondary data processed by Ms. Excel 2016 (2018)

Profitability in this research was measured by using Return on Assets (ROA) because it can show how the company performance is seen from the overall use of assets owned by the company in generating profits. Based on Graph 2, the Return on Assets (ROA) in property and real estate company listed on the Indonesia Stock Exchange from 2013-2017 decreased from year to year. The low level of Return on Assets (ROA) indicated the lack of the ability of the company's management in managing and utilizing company

assets properly so it reduced the profits generated. The decline in profitability of the company will certainly make investors worried about their investment, if the decline in profitability occurs continuously, then investors will consider their investment decisions and will withdraw funds from the company.

According to Tanjung (2018), the decrease in Return on Assets (ROA) is caused by sluggish property sales. In 2014, the condition of property growth slowed due to the political year which caused developers and investors choosing to wait and see instead of opening new projects resulting in a sluggish property market. Turning to 2015, there was a slowdown in economic growth so that the property sector came under pressure, it was seen from the number of developers who reported a decline in sales during the year due to the weakening of the rupiah against the dollar thereby reducing people's purchasing power. Uncertain economic conditions also had an impact on the decline in property sales in the first quarter to middle 2016. Like the previous year, in 2017 the property market was still sluggish, where almost all developer companies experienced a decline in sales or stagnation. It was seen from the company's sales data property listed on the Indonesia Stock Exchange, most of which did not reach the target, some were stagnant, and only a few increased.

Liquidity is one of the factors that influence profitability. Liquidity illustrates the company's ability to pay off obligations that must be fulfilled immediately. Nurlaela et.al. (2019), Nusraningrum and Suwesti (2018), Al-Jafari and As-Samman (2015) found that liquidity has a positive and significant effect on profitability. On the other hand, the research results of Sharif and Islam (2018), Sathyamoorthi et.al. (2018), and Vatavu (2015) found that liquidity has a negative and significant effect on profitability. Meanwhile, the research results of Charles et.al (2018), Selcuk (2016), Agha (2014) found that liquidity has no effect on profitability.

Activity is a factor that affects profitability. Activity is a ratio that measures how much the company's effectiveness in using its resources in the form of assets. The research of Pardosi and Mulyana (2019), Mitra and Adhikary (2017), Mihajlov (2014) found that activity has a positive and significant effect on profitability. Kartikasari and Merianti (2016) found that activity has a negative and significant effect on profitability. Meanwhile, the results of Ohorella (2019), Warrad and Al-Omari (2015), Niresh and Velnampy (2014) found that activity has no effect on profitability.

Leverage is a ratio that can affect the ups and downs of the company's profitability in each period. Leverage describes the company's ability to pay its long-term obligations or obligations if the company is liquidated. Seissian et.al. (2018), Mwangi and Murigu (2015), Sivathaasan et.al. (2013) found that leverage has a positive and significant effect on profitability. Matar and Eneizan (2018), Juwita (2018), Agiomirgianakis et.al. (2013) found that leverage has a negative and significant effect on profitability. Meanwhile, the results of research by Nanda and Panda (2017), Rajakumaran and Yogendrarajah (2015), Oshio et.al. (2013) found that leverage has no effect on profitability.

Company's growth is a factor that can affect profitability. Company's growth illustrates the company's ability to maintain its economic position in the midst of economic growth and its business sector. Skuflic et.al. (2018), Isik (2017), Mubin et.al. (2014) found that company growth has a positive and significant effect on profitability. The results of research by Ghasemi and Ab Razak (2017), Tailab (2014) found that company growth has a negative and significant effect on profitability. Meanwhile, the results of Mappanyuki and Sari (2017), Fareed et.al. (2016) found that company growth has no effect on profitability.

Referring to the various results of previous studies, it was necessary to do further research. Some of the objectives in this study were to determine and analyze the effect of liquidity, activity, leverage, and company growth on profitability on property and real estate companies listed on the Indonesia Stock Exchange.

LITERATURE'S REVIEW

According to Kasmir (2016), liquidity is useful to know the company's ability to pay obligations or debts that are due soon. Sunyoto (2013) explained that a high level of liquidity shows better collateral for short-term debt, but if it is too high it results in inefficient working capital. If the liquidity value of a company is high, it will reduce uncertainty for investors, but it indicates that there are idle cash so that profitability will be reduced. Liquidity that is too high indicates excess cash or other current assets compared to what is needed now. As a result, the company loses the opportunity to get additional profits, because the funds that should be used for investments that benefit the company, are reserved to meet the company's liquidity.

According to Horne and Wachowicz (2016), activity ratio is also referred to as efficiency or turnover ratio that measure how effectively a company uses its various assets. The more effective the company in utilizing assets the faster the turnover of funds generated, because the ratio of activity is generally measured by the turnover of each element of the asset. The higher the activity ratio, the more efficient the use of assets and the faster the refund in cash. The ability of a company to use its assets as well as possible is very important because it is expected that with the maximum assets used, it will maximize the profits of the company.

Leverage is a ratio that describes the relationship between a company's debt to capital. This ratio can see how far the company is financed by debt or outsiders with the ability of the company that is represented by capital (Harahap, 2015). The higher the leverage of the company shows the amount of corporate funding comes from debt and the high financial risk of a company. This can lead to costs such as high interest costs. The high cost can lead to low profitability of the company. Based on the Pecking Order Theory, companies that have a high level of profitability actually have a low level of debt (Brigham and Houston, 2013). Low debt level is not because companies have low debt target level, but because they do not need external fund. The high level of profit makes their internal funds sufficient to meet investment needs. Companies prefer funding sourced from within the company and will reduce its dependence on outsiders. This is the basis of pecking order theory where companies use less debt.

According to Fahmi (2015), company growth is the company's ability to maintain its position in the industry and in general economic development. Company growth is the company's ability to increase the size of the company that can be seen from an increase in assets. Companies that have high growth opportunities will lead to greater investor confidence compared to companies that have low growth opportunities. The high growth rate of the company reflects that the company is experiencing growth and has many investment opportunities. The more investment opportunities, the greater the opportunity for companies to make a profit.

Kasmir (2016) explained that profitability shows the company's ability to generate profits during a certain period. Basically, profitability is used to indicate the level of efficiency of a company. The greater profitability explains that the better the company uses its assets to get profits. With increasing profitability, it makes investors become interested in buying company shares and has an impact on rising stock prices and followed by high stock returns.

Research Hypothesis

Liquidity is an indicator of the company's ability to pay all short-term financial obligations at due date using available current assets. According to Horne and Wachowicz (2016), profitability is inversely proportional to liquidity. The higher the liquidity, the lower the profitability of the company. This is because a company's investment in current assets that is too large produces a low total asset turnover rate. The relationship between liquidity and profitability is a unique relationship, because efforts to increase liquidity have a tendency to reduce profitability. Conversely, if companies pay too much attention to profitability, company liquidity tends to decrease. Previous research conducted by Sharif and Islam (2018), Sathyamoorthi et.al. (2018), and Vatavu (2015) found that liquidity had a negative and significant effect on profitability.

H_1 : Liquidity has a negative effect on profitability

According to Subramanyam and Wild (2010), the company's activity shows the level of efficiency of the company in using its assets. The better the company's ability to manage its resources or assets, the greater the company's ability to generate profits. Companies which can use their assets efficiently and effectively will be able to use their assets continuously and repeatedly in an effort to generate maximum profits for the company. If the company's activities over a period of time show an increasing trend, then it illustrates that the efficiency of using company assets increases and can increase the ability to generate profits. Previous research conducted by Pardosi and Mulyana (2019), Mitra and Adhikary (2017), Mihajlov (2014) found that company activity has a positive and significant effect on profitability.

H_2 : Activity has a positive effect on profitability

Leverage describes the company's ability to pay its long-term obligations or the obligations if the company is liquidated. According to pecking order theory, companies that have a high level of profitability actually have a low level of debt. According to Brigham and Houston (2013), Pecking Order Theory states that companies prefer internal funding over external funding. If external funding is needed, the company will issue debt securities, and if it is still not sufficient, then it will issue new shares. Previous research conducted by Matar and Eneizan (2018), Juwita (2018), Agiomirgianakis et.al. (2013) found that leverage has a negative and significant effect on profitability.

H_3 : Leverage has a negative effect on profitability

Company growth is one of the keys to compare the company's success in an industry. The company's growth will give a signal to the company to increase its assets. Assets indicate the assets used for the company's operational activities. The greater the assets are expected, the greater operational results produced by the company. The addition of assets might increase costs, but the addition of these assets will increase the profitability of the company that comes from the company's receivables. Previous research conducted by Skuflic et.al. (2018), Isik (2017), Mubin et.al. (2014) found that company growth has a positive and significant effect on profitability.

H_4 : Company growth has a positive effect on profitability

METHODS

This research was a causality research, because it aimed to find empirical evidence of the influence of independent variables on the dependent variable. The independent variable in the study was liquidity, activity, leverage, and company growth. The dependent variable was profitability. Table 1 presents measurements of the research variables.

Table 1. Measurement of Variables

Variable	Measurement	Scale
Dependent (Y) Profitability	$ROA = \frac{Earning\ After\ Taxes}{Total\ Assets}\ x\ 100\%$	Ratio
Independent (X_1) Liquidity	$CR = \frac{Current\ Assets}{Current\ Liabilities}\ x\ 100\%$	Ratio
Independent (X_2) Activity	$TATO = \frac{Sales}{Total\ Assets}$	Ratio
Independent (X_3) Leverage	$DER = \frac{Total\ Debt}{Total\ Equity}\ x\ 100\%$	Ratio
Independent (X_4) Company Growth	$Sales\ Growth = \frac{Total\ Sales_{(t)} - Total\ Sales_{(t-1)}}{Total\ Sales_{(t-1)}}\ x\ 100\%$	Ratio

The populations of this research is property and real estate companies listed on the Indonesia Stock Exchange. In 2019 there were 48 companies. The research sample is 31 companies which were determined through a purposive sampling approach.

Table 2. Sampling Process

No.	Criteria	Total
1.	Property and real estate companies listed on the Indonesia Stock Exchange in 2019	48
2.	Property and real estate companies which were inconsistently listed on the Indonesia Stock Exchange 2013-2017	(7)
3.	Property and real estate companies which experienced loss during 2013-2017	(10)
Total of Research Samples		31
Observation's Year		5
Total of Research Data		155

Research data was a secondary data. The data were obtained from the official website of the Indonesia Stock Exchange, www.idx.co.id. The data analysis used panel data regression analysis. The method of the research was multiple linear regression. The regression equation used is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

RESULT

Table 3. Descriptive Statistics

Variable	Min	Max	Mean	Std. Deviation
ROA	0.0003	0.3161	0.0688	0.0523
CR	0.2405	8.8010	2.3212	1.6197
TATO	0.0118	0.4920	0.2327	0.0896
DER	0.0500	3.7010	0.7837	0.5352
SG	-0.8712	2.9871	0.1636	0.4331

Table 3 shows that the profitability variable (ROA) had a mean value of 0.0688. This figure showed that the average property and real estate company was able to generate a net profit of 6.88% of the total assets owned by the company in one period. It means that every use of 100 rupiahs in total assets could

generate a net profit of 6.88 rupiahs so that property and real estate companies in 2013-2017 were classified as profitable.

The variable liquidity (CR) had a mean value of 2.3212. It means that the average property and real estate company had current assets that could meet current liabilities of 232.12% in one period. It means that every 100 rupiahs of current debt was guaranteed with current assets of 232.12 rupiah so that property and real estate companies in 2013-2017 were classified as liquid.

Activity variable (TATO) had a mean value of 0.2327. It showed that the average property and real estate company was able to utilize all assets owned to generate company sales by 0.2327 times in one period. This means that each use of 100 rupiahs in total assets could generate sales of 23.27 rupiahs.

The leverage variable (DER) had a mean value of 0.7837. It means that for every 100 rupiah of the company's own capital, it could be used to guarantee a debt of 78.37 rupiah. In other words, property and real estate companies in 2013-2017 were in a solvable condition.

Company growth variable (SG) had a mean value of 0.1636. It shows that the average property and real estate company had an increase in sales of 16.36% in one period.

Next, the selection of the best panel model was done through the Chow test and the Hausman test. The results of the best panel model testing are presented in Table 4.

Table 4. Selection of the Best Panel Model

Test	Criteria	Prob.	Conclusion
Chow	Cross-section Chi-square	0.0000	The best FEM model
Hausman	Cross-section random	0.0383	The best FEM model

Table 4 showed that the Fixed Effect Model (FEM) was the best panel model. Thus, the most appropriate equation model for this research was the Fixed Effect Model (FEM) equation.

In order to get an unbiased estimate, a classic assumption test was made for the regression model which was compiled. The following table 5 presents the results of the normality of research data.

Table 5. Result of Normality Test

Criteria	Value
Jarque-Bera	0,022
Probability	0,988

Table 5 showed the Jarque-Bera normality test residual value of 0.022 and a probability value of 0.988. The Jarque-Bera value based on the chi square table with 2 df (degree of freedom) was 7,815. Jarque-Bera value was 0.022 < 7.815 and probability value > alpha (0.988 > 0.05), so it could be concluded that the research data was normally distributed.

Table 6. Result of Multicollinearities Test

Variable	Variance Inflation Factor (VIF)	Conclusion
CR	1.135844	No multicollinearities
TATO	1.242702	No multicollinearities
DER	1.134220	No multicollinearities
SG	1.183350	No multicollinearities

Table 6 showed the value of Variance Inflation Factor (VIF) of all independent variables < 10. It could be concluded that the independent variables used in the regression equation model did not contain multicollinearity problems (there was no close relationship between one independent variable and other independent variables).

Heteroscedasticity test results showed that the probability value of chi-square in Obs*R-squared was equal to 0.1024. Chi-square probability value at Obs*R-squared > alpha (0.1024 > 0.05). It could be concluded that the regression model was homoscedastic.

Table 7. Test Result of the Effect of Liquidity, Activity, Leverage, and Company Growth on the Profitability of Property and Real Estate Companies Registered on the Indonesia Stock Exchange in 2013-2017 by Fixed Effect Model

Variable	Coeff.	Prob.
C	-0,0434	0,0049
CR	0,0019	0,4262
TATO	0,5017	0,0000
DER	-0,0145	0,0242
SG	0,0147	0,0123
R-squared	0,8563	
Adj R-squared	0,8157	
F-statistic	21,0485	
Prob (F-statistic)	0,0000	
Durbin-Watson stat	1,8424	

The F test results showed the F-statistic value of 21.0485 with a probability value of 0.0000. It could be concluded that the research model was appropriate. Simultaneously, independent variables could be used to predict the dependent variable.

The coefficient of determination was 0.8157. It showed that the independent variables were able to explain the variation of the dependent variable by 81.57%. The remaining 18.43% was explained by other factors outside the regression model in this study. Referring to Table 8, the regression equation of this study is as follows:

$$\boldsymbol{ROA = -0,0434 + 0,0019CR + 0,5017TATO - 0,0145DER + 0,0147SG}$$

The constant value was -0.0434 with a probability of 0.0049. Probability value < alpha was 0.0049 < 0.05, which means that the constant is significant. The negative value constant stated that if all the independent variables (liquidity (CR), activity (TATO), leverage (DER), and company growth (SG)) were 0 then the property and real estate company would have a ROA of -0.00434. This means that the company suffered a loss of 4.34% of assets owned.

Liquidity variable regression coefficient value (CR) was 0.0019 with a probability of 0.4262 which means that liquidity (CR) had no significant effect on profitability (ROA).

Value of the regression coefficient of the activity variable (TATO) was 0.5017 with a probability of 0.0000 which means that the activity (TATO) had a positive and significant effect on profitability (ROA). If the activity (TATO) increased by 1 unit, then profitability (ROA) would increase by 0.5017 units.

Leverage variable regression coefficient (DER) was -0.0145 with a probability of 0.0242 which means that leverage (DER) had a negative and significant effect on profitability (ROA). If leverage (DER) increased by 1 unit, then profitability (ROA) would decrease by 0.0145 units.

Regression coefficient of company growth variable (SG) was 0.0147 with a probability of 0.0123, means that company growth (SG) had a positive and significant effect on profitability (ROA). If the company growth variable (SG) increased by 1 unit, then profitability (ROA) would increase by 0.0147 units.

DISCUSSIONS

1. The Effect of Liquidity (CR) to Profitability (ROA)

The first hypothesis stated that liquidity (CR) had a negative effect on profitability (ROA). Hypothesis testing results indicated that liquidity (CR) did not significantly influence profitability (ROA) so the first hypothesis was rejected. The result of this study was in line with research by Seissian et.al. (2018), Nanda and Panda (2017), Selcuk (2016), Agha (2014) who found that liquidity (CR) had not a significant positive effect on profitability (ROA).

High liquidity (CR) value indicates that the availability of current assets to pay off current liabilities is also high. Meanwhile, current assets contain accounts such as cash account and cash equivalents, receivables, inventories and securities. With high liquidity (CR), it means the cash account and cash equivalents (liquid assets) are in a high condition that could reduce the company's activities to generate profits. Liquid assets are usually less profitable to store. For example, cash owned by a company is the most liquid asset of the entire investment, but cash often does not provide a return at all, if it is only just cash. Therefore, there is a trade-off between profits from liquidity and potential loss of profits.

2. The Effect of Activity (TATO) to Profitability (ROA)

The second hypothesis stated that activity (TATO) had a positive effect on profitability (ROA). Hypothesis testing result showed the activity (TATO) had a positive and significant effect on profitability (ROA) so that the second hypothesis was accepted. The result of this study was in line with the research of Pardosi and Mulyana (2019), Mitra and Adhikary (2017), Mihajlov (2014).

The higher the total asset turnover, the higher the efficiency level of the company in the use of its assets. The more efficient the company is in using its assets, the company will limit the purchase of new assets. Restrictions on the purchase of new assets can reduce capital and costs incurred by the company to maintain these assets so that it will increase profits. With increasing profits, the company's profitability increase.

3. The Effect of Leverage (DER) to Profitability (ROA)

The third hypothesis stated that leverage (DER) had a negative effect on profitability (ROA). Hypothesis testing result showed leverage (DER) had a negative and significant effect on profitability (ROA). The result of this study was in line with research by Matar and Eneizan (2018), Juwita (2018), Agiomirgianakis et.al. (2013) who found leverage (DER) to have a negative and significant effect on profitability (ROA).

According to Brigham and Houston (2013), companies with very high return on investment use relatively small amounts of debt. A relatively low debt level causes relatively small interest payments and can in turn cause net income to increase. Companies which use relatively low debt mean that most investments are funded internally. This is in accordance with the pecking order theory which states that profitable companies prefer internal funding compared to external funding.

4. The Effect of Company Growth (SG) to Profitability (ROA)

The fourth hypothesis stated that company growth (SG) had a positive effect on profitability (ROA). The result of hypothesis testing showed that company growth (SG) had a positive and significant effect on profitability (ROA). The result of this study was in line with research by Skuflic et.al. (2018), Isik (2017), Mubin et.al. (2014).

Sales are the main activity or operation of a company to obtain revenue which will affect the profitability. To make sales continue to increase, the companies need to pay attention to operational expenses incurred so that these expenses do not reduce the profits. The increase in revenue from property and real estate companies are obtained from the contribution of property sales. The higher net sales made by the company can encourage the higher gross profit that can be obtained, so as to encourage the higher profitability of the company.

CONCLUSIONS

Some conclusions in this study are that liquidity has no significant effect on the profitability of property and real estate companies. The company's activities and growth have a positive and significant effect on the profitability of property and real estate companies. Leverage has a negative and significant effect on the profitability of property and real estate companies.

Referring to the research results and conclusions above, property and real estate companies need to pay attention to their activity ratio (TATO) because it is proven that this variable has the most influence on company profitability. Companies can increase profitability by increasing sales. The increase in sales can be done by taking into account the factors that increase sales such as product quality, service quality, and other aspects of marketing. In addition, in order to increase total asset turnover, the company should monitor the assets owned and sell unproductive company's assets so that it will reduce the company's total assets. Property and real estate management companies also need to pay attention to the use of debt. Company management needs to manage debt well so that profitability increases.

Investors and prospective investors who invest in property and real estate companies should know and understand the factors that affect company profitability, especially the company's activities in using assets to generate sales (TATO), company growth (sales growth), and leverage (DER). Investors should study the company's financial statements from year to year that have been published through the official website of the Indonesia Stock Exchange. The potential investors who will invest in property and real estate companies can consider their decisions by studying the company of interest such as studying the history of the company and analyzing activities (TATO), company growth (sales growth), and leverage (DER).

Future researchers can conduct research on topics similar to this research, but in different industries. Research can also be carried out in the property and real estate sector but in longer and/or renewed research periods. Future research can use the same variable but with different measurements, for example leverage can be measured using long term debt. Future research can be done by adding several other

variables outside the variables already used in this study so that the ability of the model in explaining profitability variability increases. Some variables that can be added include working capital turnover, inventory turnover, company size, and asset structure.

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