

ABSTRACT

The business world today has demanded companies to be able to survive to achieve their goals in an increasingly competitive competition. Generating maximum profit is the main desire to be achieved by every company. In this case, to create maximum profit, the company is expected to be able to suppress both production costs and costs that arise outside of production activities which are one of the determining factors for companies in achieving profits. Furthermore, production costs and operating costs are one type of cost that has a significant impact on the profits that the company will generate later, this is reflected in the company's income statement, where these types of costs are the main measurement in determining the company's profit. In addition, one of the things that must be considered in optimizing the profit generated is the existence of policies in the company's operational funding. So the company can take advantage of debt as a source of funds. Debt or liability becomes a source of capital that can be used as an additional form of the entity's funds to encourage its operational activities, so that operational activities will develop and optimal profits will be achieved.

The tests carried out in this study have the intention of analyzing and knowing whether there is an effect of the variables of production costs, operating costs and total debt on the company's net income. The object of research used in this study is the automotive and component sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019.

This research uses quantitative descriptive methods. The sample of this study used purposive sampling with a sample size of 12 companies within 5 years to obtain 60 units of manufacturing samples of automotive and components sub-sector companies listed on the Indonesia Stock Exchange in 2015-2019. Data analysis method in this research is panel data regression analysis using Eviews software version 11.

From the test results in this study, it was found that production costs, operating costs and total debt simultaneously had a significant effect on net income. The partial test shows the results that the production cost variable has a partial effect in a negative direction on net income, then operating costs and total debt variables have a partially positive effect on net income.

Based on the results of the study it is expected that pharmaceutical sub-sector manufacturing companies listed on the Stock Exchange can be used as information for planning and controlling profits.

Keyword: Net Income, Operating Cost, Production Cost, Total Debt.