

ABSTRACT

The development of the business world in Indonesia requires companies to survive in competitive competition. To maintain survival, companies must be able to achieve their goals. The company's goal is to get optimal profits by running the company's operations efficiently. So, companies must be able to manage the expenses that must be incurred by the company, namely production costs and operational costs so that the achievement of profit is more optimal.

This study aims to examine the effect of production costs and operating costs on net income. The object of research is pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2014-2018. The sample of this study used purposive sampling with a total sample of 8 companies in 5 years. Data analysis method in this research is panel data regression analysis using Eviews software version 10.

The results of the analysis test states that the production costs and operational costs simultaneously have a significant effect on net income. Partial testing shows that production costs and operational costs have a 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: Production Cost, Operating Cost, Net Income