

THE INFLUENCE OF COMPANY SIZE AND SALES LEVEL ON THE PROFIT GROWTH OF FOOD AND BEVERAGE SUBSECTOR COMPANIES



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ABSTRACT

The food and beverage subsector, which is part of the primary consumption industry, has profit growth that is influenced by various internal company factors, including company size and sales level. This study aims to analyze the effect of company size and sales level on profit growth in food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX). This study uses documentation as its data collecting strategy. In all, 110 pieces of observational data were collected from 10 organizations based on the sample criteria, with an observation period spanning from 2014 to 2024. Purposive sampling is the technique used to determine the sample. This research made use of multiple linear regression as its method of data analysis. According to the findings, sales volume significantly affects earnings growth, although firm size does not.

Keywords: Company Size; Sales Level; Profit Growth

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INTRODUCTION

Trade progress has experienced a very rapid increase supported by the creation of innovations that continue to grow. This makes companies compete in advancing their companies (Abdulloh et al., 2024). The food and beverage industry is quite competitive, but it is also one of the most promising business areas (Abdulloh et al., 2024). Reason being, people may always have a demand for products related to food and beverage.

Over time, the food and beverage company sector has developed very quickly, with the emergence of a wide variety of goods sold in advertisements that require companies to keep up with the times and follow the improvements that occur at that time (Setiawan et al., 2022). With the presence of similar businesses, competition becomes intense, so companies are required to have innovations so that the businesses established can compete with existing businesses. Basically, the role of business development is also important for economic growth in a country (Khamimah, 2021).

One industry that plays a significant role in and affects Indonesia's economic growth is the food and beverage industry, say Nasmi and Afriyenti (2021). Consistent with rising populations, rising disposable incomes, and more stable economies, Indonesia's food and beverage business is booming. This condition creates both opportunities and challenges for companies to maintain their existence among increasingly tough competition. If the firm wants to stay in business and expand, it has to boost sales and expand its operations. One way to measure how much room for expansion there is is by looking at the profit margin (Nasmi & Afriyenti, 2021).

Earnings growth describes how a company is able to get a bigger profit compared to the previous year (Aisyah & Widhiastuti, 2021). Increased profits are considered better growth for companies to attract investors to invest their capital. Profit growth is the main indicator in assessing the success of a company. Increasing profits reflect operational efficiency and the success of the business strategy implemented (Aisyah & Widhiastuti, 2021). However, profit growth cannot be separated from the various factors that influence it. Company size as one part that affects profit growth (Nurfalah, 2024).

An indicator of a company's size is the amount of assets it owns and manages. This helps to establish the company's size or magnitude (Noor & Srimindarti, 2022). Access to resources, operational efficiency, and market competitiveness are generally correlated with a company's size (Anggraini & Rivandi, 2023). The increased profitability that often comes with larger corporations is a result of their more solid financial footing. A corporation's ability to optimize its financial performance and avoid signs of fraudulent activity by manipulating its earnings is directly proportional to its size. As a result, a larger company is more likely to have a steady stream of profitable operations (Anggraini & Rivandi, 2023). Large companies have wider opportunities to obtain external capital. Large organizations have a better possibility of succeeding or surviving in the business market, which makes it simpler for them to get loans. Profit increase is positively correlated with firm size (Fadilah & Sitohang, 2020). The size of a company is a reflection of the total assets owned by a company (Reschiwati et al., 2020).

A large company size allows the company to be better prepared to face operational problems thanks to sufficient asset support (Fajriah et al., 2022). This means that company size is one of the factors that can affect earnings growth (Desyana et al., 2023). This is in line with the signaling theory based on the opinion Spence (1973) which states that by sharing a signal, management seeks to share accurate information that can be utilized by investors. This information is provided by the company's internal parties to stakeholders outside the company. This is done so that investors may more easily determine if the firm is performing well. The bigger a company is, the more positive signal

it sends to investors about its future profitability. This is because a larger company can better describe the level of ownership of its assets and demonstrate its increasing performance, both of which pique the interest of potential investors (Fiana et al., 2022).

Sales volume is just one of numerous variables that could influence future profit increases (Gulo & Sembiring, 2024). The sales level of a firm is an indicator of its capacity to stay in business; developing companies often see sales levels rise when compared to prior years (Apriyanti & Syarif, 2022). Consistently meeting market demand, maintaining client loyalty, and effectively competing in the industry are all indicators of a high level of sales. Consistent growth in revenue over time is indicative of a well-established business model that is drawing in more customers, penetrating new markets, and streamlining internal processes. Variations in profit are strongly impacted by sales volume (Sulbahri, 2020).

The level of sales has a major influence on changes in profit because sales are the main source of company revenue. If the sales level increases, the more profit will be obtained. If sales increase, the company can cover operating costs and get greater profits (Gulo & Sembiring, 2024). Conversely, a decrease in sales can reduce profits or even cause losses. Thus, in order to sustain and even enhance the company's profit development, a solid sales plan is necessary (Apriyanti & Syarif, 2022). Agency theory, which discusses potential conflicts of interest between a company's owners and the management they employ, is analogous to this situation (Fajriah et al., 2022). Owners want to maximize the value of the company and profit, while managers (agents) may have different goals, such as maximizing personal compensation or avoiding risk. According to research by Fajriah et al (2022). A strong sales performance indicates that the business is doing well. When management succeeds in increasing sales, this will contribute to increased profits. In the context of agency theory, managers will strive to show good performance by increasing sales to meet owner expectations.

There are a number of gaps in this study that are based on prior research that shows how different studies have shown different effects of firm size and sales level on profit growth. While sales volume is a critical component of every company's financial health, some earlier research has focused only on the impact of firm size on earnings growth. According to studies cited by Audrey (2023), the impact of firm size on profit growth is substantial. The research does not include sales volume as a variable that can impact profit growth. The impact of sales volume and debt-to-equity ratio (DER) on profit growth has been the subject of prior research, it was stated that sales level has a significant effect on profit growth (Sulbahri, 2020). This study also only focuses on the level of sales without including the company size variable in its research.

Thus, this study is present to fill this gap, namely by simultaneously analyzing the variables of company size and sales level on profit growth, using data in an adequate time span, and considering the context of the food and beverage subsector industry. This approach is expected to provide deeper theoretical and practical contributions in the financial and management literature. This study aims to fill a knowledge gap by investigating the combined effects of firm size and sales level on profit growth, filling in a gap left by earlier work that examined only one of these factors independently. In light of the above, the research aims to determine how the food and beverage industry's subsector's profit growth is influenced by firm size and sales level.

LITERATURE REVIEW, RESEARCH FRAMEWORK, AND HYPOTHESES

Profit growth

A company's ability to earn a larger profit in comparison to the previous year is referred to as profit growth (Aisyah & Widhiastuti, 2021). A company's earnings growth may be defined as the percentage rise in profit from one year to the next (Qurani & Hendratno, 2019). The following is the formula for measuring earnings growth:

$$\text{Profit growth} = \frac{\text{net profit current year} - \text{net profit previous year}}{\text{net profit previous year}} \times 100\%$$

Company size

The amount of assets held and managed by a firm is one indicator of its size, which is a useful tool for determining the size of a company (Noor & Srimindarti, 2022). The following is the formula for assessing company size:

$$\text{Company Size} = \text{Log Natural (Total Assets)}$$

Sales level

Sales level is an increase in sales volume during a certain period (Apriyanti & Syarif, 2022). The previous sales level becomes a benchmark in the future to measure how the company can generate profit growth if sales continue to increase, the profit earned will be greater. The sales level shows how much more money has been made this year as compared to last year. The formula for determining the sales rate is as follows:

$$\text{Sales Level} = \frac{\text{current year sales} - \text{previous year sales}}{\text{previous year sales}} \times 100\%$$

Signalling theory

Signalling theory is based on the opinion Spence (1973), which states that by sharing a signal or signal, management seeks to share accurate information that can be utilized by investors. People inside the firm are the ones who supply the data to those outside within the company. This is done so that investors may more easily determine if the firm is performing well.

Agency theory

In agency theory, the conflict of interest between business owners and the managers they employ to run the firm is defined (Fajriah et al., 2022). Owners want to maximize firm value and profit, while managers (agents) may have different goals, such as maximizing personal compensation or avoiding risk.

Hypotesis

The Effect of Company Size on Profit Growth

When evaluating a company's viability and output, one factor to consider is its size (Arigita & Arilyanti, 2024). Large companies typically have better resilience to market pressures, and as company size increases, the opportunities to secure capital also grow. Large companies also require higher operational costs for maintaining and overseeing company assets, as larger company size implies an increase in total assets held by the company (Mahmudah & Mildawati, 2021). Companies with high total assets and revenue are classified as large companies that can better manage business risks. A strong financial structure means that large companies tend to be more stable and have broader access to

external funding sources (Audrey, 2023). Large companies typically have greater market resource strength and can have significant opportunities to achieve high economic value (Prameswari & Hermawan, 2023). Company size significantly influences profit growth (Desyana et al., 2023). Larger companies generally have more comprehensive resources, including assets, labor, and access to financing. This enables large companies to operate more effectively and stably, as well as have higher competitiveness in the market (Gulo & Sembiring, 2024).

This is supported by Signaling Theory based on Spence (1973) argument that by sharing signals or cues, internal company parties strive to convey accurate information that can be utilized by investors. Parties inside the firm that deal with external stakeholders submit this information. The goal is to make it simpler for investors to judge the company's success. Since a bigger firm can display its asset ownership and rising performance, it sends a stronger signal to investors that it can generate future profit growth, which in turn attracts more investment (Fiana et al., 2022). This is supported by previous studies examining the impact of company size on profit growth. Some studies indicate that company size influences profit growth (Desyana et al., 2023; Petra et al., 2020; Purniawati & Ismunawan, 2023). Meanwhile, other studies have reported different results, where company size does not affect profit growth (Arigita & Arilyanti, 2024; Putri & Andriansyah, 2022). Based on the above description, the first hypothesis in this study is as follows:

H1 : Company size has a significant effect on profit growth of food and beverage subsector companies

The Effect of Sales Level on Profit Growth

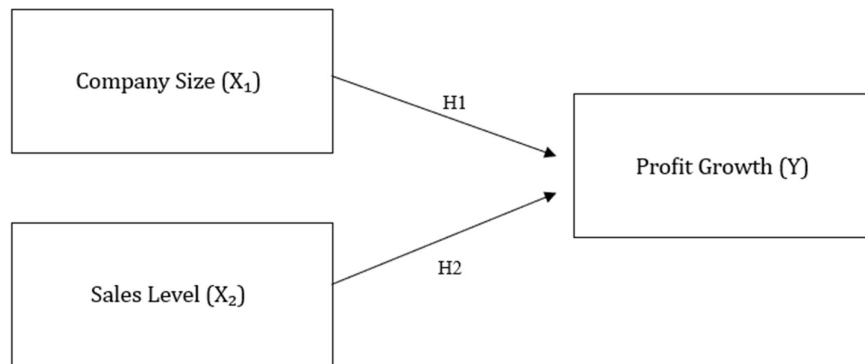
One of the main factors in analyzing a company's business success is through its sales level (Sari et al., 2024). Sales level can be interpreted as having an effect on profit growth when a company's sales increase each year. The increase in sales may be calculated by comparing the sales from one year to the next. Increasing sales growth reflects that the company can maximize past investments, enabling it to predict future profit growth (Putri & Andriansyah, 2022). A high sales rate indicates that the company is generating increasing revenue from its operational activities. If this revenue increase is not accompanied by a significant rise in operational costs, the company has the potential to achieve greater profits. Thus, the company's profits will continue to grow each year (Rahmawati et al., 2024).

This aligns with Agency Theory, which refers to the potential conflict of interests between company owners and managers hired to manage the company. Owners aim to maximize company value and profits, while managers (agents) may have different objectives, such as maximizing personal compensation or avoiding risk. According to research by Fajriah et al (2022), high sales levels reflect the operational success of a company. When management successfully increases sales, this contributes to increased profits. In the context of Agency Theory, managers will strive to demonstrate good performance by increasing sales to meet the expectations of owners. Several studies have stated that sales levels have a positive and significant effect on profit growth (Gulo & Sembiring, 2024; Putri & Andriansyah, 2022; Sari et al., 2024; Sulbahri, 2020). However, other research has found the opposite to be true; specifically, that sales volumes do not significantly impact profit growth (Ridwan & Fajar, 2020). In light of the foregoing, the second hypothesis of this investigation is:

H2 : Sales level has a significant effect on profit growth of food and beverage subsector companies

Research Framework

The structure model of the hypothesis can be drawn in Figure 1.



Source: Constructed by the authors, 2024

Figure 1
Research Framework

METHOD

Companies in the food and beverage industry that are listed on the Indonesia Stock Exchange (IDX) provide the secondary data used in this quantitative study. The data comes from their annual reports and financial statements. All of the information came from www.idx.co.id, the Indonesia Stock Exchange's official website. A total of 49 firms that have been listed on the Indonesian stock market from 2014 to 2019 make up the study population. The sample selection was conducted using a purposive sampling approach (Sahir, 2021). As a consequence, 110 samples were obtained, with 10 firms multiplied by 11 years of duration. Company size (X1) and sales level (X2) are the independent variables, while earnings growth (Y) is the dependent variable. The data gathering approach utilized for this study is documentation.

Multiple linear regression and other traditional assumption tests are used to analyze the data in this study. Classical assumption tests often ensure that a regression model's assumptions are satisfied in order to achieve a low error rate. Autocorrelation, heteroscedasticity, multicollinearity, and normalcy tests are used in this work (Ghozali, 2021). This study makes use of IBM SPSS 26 Statistical Package for the Social Sciences as its data analysis tool.

Companies trading on the IDX that are part of the food and beverages subsector were the subjects of this research. In Table 1, it can see the names of the companies and their stock codes.

Table 1
Research Sample

No	Nama Perusahaan	Kode Saham
1	PT Delta Jakarta Tbk.	DLTA
2	PT Indofood Sukses Makmur Tbk.	INDF
3	PT Multi Bintang Indonesia Tbk.	MLBI
4	PT Mayora Indah Tbk.	MYOR
5	PT Sekar Laut Tbk.	SKLT

6	PT Nippon Indosari Corporindo Tbk.	ROTI
7	PT Ultrajaya Milk Industry & Trading Company Tbk.	ULTJ
8	PT Akasha Wira Internasional Tbk.	ADES
9	PT Siantar Top Tbk.	STTP
10	PT Indofood CBP Sukses Makmur Tbk.	ICBP

Source: Indonesia Stock Exchange, 2025

RESULTS AND DISCUSSION

Descriptive Analysis

This study makes use of descriptive statistics to offer a synopsis of the data by displaying the mean, standard deviation, and extreme values. A description of the most salient features of the variables under investigation is the goal (Ghozali, 2021). A population's average may be estimated using the average value, the range of values from lowest to greatest can be seen by looking at the minimum and maximum values, and the level of data distribution can be determined by calculating the standard deviation (Ghozali, 2021). Ten firms from the food and beverage subsector that were listed on the Indonesia Stock Exchange (IDX) between 2014 and 2024 made up the sample for this study. The results of the descriptive analysis can be seen in Table 2.

Table 2
Descriptive Analysis

<i>Descriptive Statistics</i>						
	N	Minimum	Maximum	Mean	Std. Deviation	
Company Size	110	28.53	32.94	29.3222	1.67676	
Sales Level	110	-.51	.53	.0824	.15065	
Profit Growth	110	-.76	2.05	.1887	.40640	
Valid N (listwise)	110					

Source: Results of data processing with SPSS, 2025

a. Independen Variable

Companies with the stock codes SKLT and STTP have the smallest values for the firm size variable at 26.53, while INDF has the largest value at 32.94. There is a standard deviation of 1.67676 and an average value of 29.3222 for firm size. With a mean of 0.0824 and a standard deviation of 0.15065, the sales level variable ranges from a minimum of -0.51 for firms with DLTA stock code to a high of 0.53 for companies with MLBI stock code.

b. Dependent Variable

Company listed under the MLBI stock code have an earnings growth variable value as low as -0.76, and company listed under the MYOR stock code have an earnings growth variable value as high as 2.05. Earnings growth averages 0.1887 and varies by 0.40640 standard deviations.

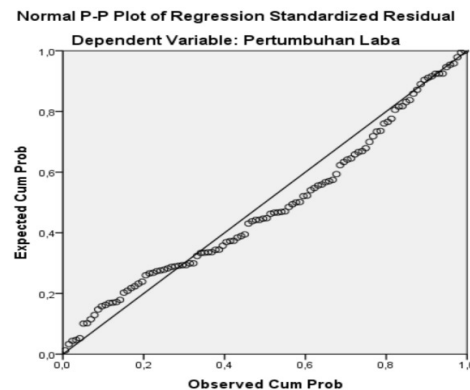
Classical Assumption Test

a. Normality Test

A dependent, independent, or mixed-type variable's normalcy, near-normality, or abnormality in distribution can be determined using the normality test (Ghozali, 2021). In this study, a probability plot was used to conduct the normalcy test (Mardiatmoko, 2020). Here are the requirements for this evaluation: (i) The residual value may be said to be normally distributed if the points or data are near or follow the diagonal line; (ii) It

can be said to be non-normally distributed if the points move away or are scattered and do not follow the diagonal line (Ghozali, 2021).

Here are the outcomes of the probability plot-based normalcy test.



Source: Results of data processing with SPSS, 2025

Figure 2
Normality Test Result

Figure 2 clearly illustrates that these spots are in close proximity to the diagonal. The residual value follows a normal distribution, according to this.

b. Multicollinearity Test

When independent variables and multiple regression have a linear connection, it is called multicollinearity. Finding out if a correlation between variables is shown in the regression is the main focus of the multicollinearity test (Ghozali, 2021). If there is no multicollinearity between variables, then the outcome is acceptable. If the variance inflation factor (VIF) value is less than 10 and the tolerance level is more than 0.10, then multicollinearity does not arise according to the rules followed in this test. Multicollinearity, on the other hand, happens when the VIF value is greater than 10 and the tolerance value is less than 0.10 (Ghozali, 2021). The results of the multicollinearity test are shown in Table 3.

Table 3
Multicollinearity Test Resultt

Model	Coefficients ^a	
	Collinearity statistics	
	Tolerance	VIF
Ukuran perusahaan (X1)	0,999	1,001
Tingkat Penjualan (X2)	0,999	1,001

Source: Results of data processing with SPSS, 2025

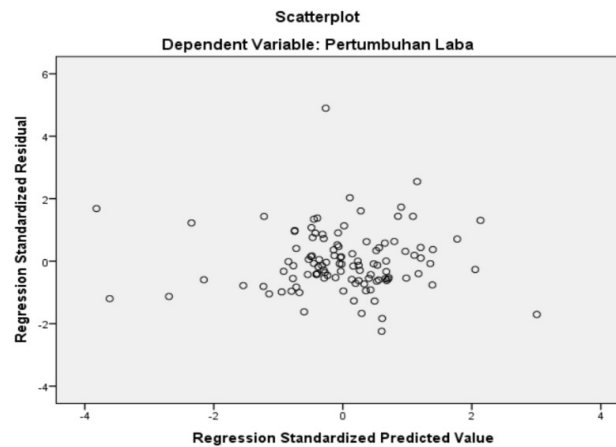
Table 3 demonstrates that both independent variables have VIF values larger than 0.1 and tolerance values lower than 10. Therefore, multicollinearity is not an issue.

c. Heteroscedacity Test

If the regression model does not consistently account for the variation in residuals across data, then the heteroscedacticity test should be used (Ghozali, 2021). The regression

model is of high quality if it does not exhibit heteroscedasticity or homoscedasticity. The presence or absence of heteroscedasticity can be determined using the glejser test. When this happens, it means that the independent variable has a substantial impact on the dependent variable. Heteroscedasticity is present when the significance value is less than 0.05 but not when it is more than 0.05 (Mardiatmoko, 2020).

Here are the findings of the test for heteroscedasticity, as displayed in Figure 3.



Source: Results of data processing with SPSS, 2025

Figure 3
Heteroscedacity Test Result

Figure 3 shows that the distribution of data points spreads and does not only gather below or above, the distribution of data points does not form a pattern, narrowing or widening and narrowing again. This means that there is no heteroscedasticity problem.

d. Autocorrelation Test

The purpose of autocorrelation testing is to determine the degree to which period t (current) and period $t-1$ (prior) confounding mistakes are correlated (Ghozali, 2021). If a correlation is present during testing, it is referred to be an autocorrelation problem. Typically, the Durbin-Watson test (DW test) is employed to determine autocorrelation. The standard in the DW test is: (i) autocorrelation is present if neither d nor $(4-dL)$ is smaller than dL , in (ii) the absence of an autocorrelation problem is indicated by d being less than dU and $(4-dU)$ or dU being less than d less than $4-dU$; in (iii) the inaccuracy of the results is caused by d being less than dL and dU or less than $(4-dU)$ and $(4-dL)$ (Ratnawita et al., 2024).

The results of the autocorrelation test can be seen in Table 4.

Table 4
Autocorrelation Test Result

<i>Model Summary^b</i>
Durbin – Watson
2,035

Source: Results of data processing with SPSS, 2025

The Durbin-Watson (d) value is 2.035, as seen in Table 4. The values of $dL = 1.613$, $dU = 1.736$, and $4 - dU = 2.263$ are obtained with a significance level of 0.05, $n = 100$, and $k = 3$. Since d falls between dU and $4 - dU$, or $dU < d < 4 - dU$, or $1.736 < 1.794 < 2.263$, we may conclude that there is no autocorrelation issue.

Multiple Linear Regression Test

Predicting the impact of several independent factors on a single dependent variable is the goal of multiple linear regression analysis (Ghozali, 2021). This analysis not only defines the link between the dependent and independent variables, but it is also a good tool for quantifying the relationship between several variables. Table 5 displays the multi-linear regression test's findings.

Table 5
Multiple Linear Regression Test

		<i>Coefficients^a</i>
	Model	Unstandardized Coefficients B
1	(Constant)	0,385
	Company Size (X1)	-0,009
	Sales Level (X2)	0,886

Source: Results of data processing with SPSS, 2025

It is possible to deduce the following from the test results:

1. First, with no change to either company size or sales level, the resulting constant value of 0.385 indicates a positive profit growth rate of 0.385.
2. If the sales level variable is fixed and the company size is increased by one unit, the profit growth will decrease by 0.009, or there is a unidirectional relationship between the two variables, because the coefficient value of the company size variable is -0.009.
3. Third, if the firm size variable is stable, then a one-unit rise in sales level will result in a 0.886-unit increase in profit growth (or vice versa), since the sales level variable has a coefficient value of 0.886.

Hypothesis Test (t Test)

To find out how each independent variable affects the dependent variable, researchers use this test. The decision-making process is dependent on the t-value's significance. If the t-value is less than 0.05, then the null hypothesis (H_0) is accepted, indicating a significant effect. Conversely, if the t-value is greater than 0.05, then the null hypothesis (H_0) is rejected, indicating no significant effect between the free and dependent variables (Ghozali, 2021). In Table 6 it can see the results of the incomplete tests.

Table 6
Partial Test

		<i>Coefficients^a</i>	
	Model	t	Sig.
1	(Constant)	0,592	0,555
	Company Size (X1)	-0,414	0,679
	Sales Level (X2)	3,597	0,000

Source: Results of data processing with SPSS, 2025

Based on Table 6 it can be written:

- a. Growth in earnings (Y) as a function of company size (X1) Since $-0.414 < 1.658$, the t value is less than the t table value, which results in a significance value of 0.679. There is no statistically significant relationship between firm size and profits growth ($p > 0.05$).
- b. A t value of $3.597 > 1.658$, which results in a significant value of 0.000, indicates that the influence of sales level (X2) on profit growth (Y) is larger than the t table. There is a strong relationship between sales volume and profit increase ($p < 0.05$).

Coefficient of Determination (R^2)

To find out how well the independent variable describes the dependent variable, researchers use the coefficient of determination (R-squared) (Sahir, 2021). It may observe the corrected R-squared coefficient of determination in the SPSS output. Sahir (2021) states that when the R^2 value is closer to 100%, it indicates that all independent variables have a greater influence on the dependent variable, or when the coefficient of determination in the regression model is small or close to zero, it indicates that it is unlikely that all independent variables influence the dependent variable.

There is a range of 0 to 1 for the coefficient of determination. If the coefficient of determination is near one, then most of the information required to estimate the dependent variable may be derived from the independent variable. If there is no correlation between the independent and dependent variables, then the coefficient of determination will be 0 (Ghozali, 2021). The results of the Adjusted R^2 test are shown in Table 7.

Table 7
Adjusted R Square Test

<i>Model Summary^b</i>	
Model	Adjusted R Square
1	0,092

Source: Results of data processing with SPSS, 2025

Table 7 shows that the Adjusted R Square for the coefficient of determination is 0.092, which is 9.2%. This indicates that the size of the firm and the quantity of sales both have a 9.2% impact on profit growth, while other factors beyond the scope of this study account for the remaining 90.8%.

The Effect of Company Size on Earnings Growth

This study's statistical analysis disproves the first hypothesis, which held that the companies listed on the Indonesia Stock Exchange (IDX) in the food and beverage subsector would see positive profit growth regardless of their size.

In other words, the company's size has no impact on its ability to enhance profit growth, regardless of how many assets the company has or how big the company itself is. The financial health of a company can be impacted by inefficient asset utilization, which, if not optimized, can impede the attainment of financial objectives. This goes against the Signaling Theory put out by Spence (1973). According to this theory, a larger company sends a positive signal because it can better describe the ownership of its assets and showcase its increasing performance, which in turn attracts investors who believe in the company's potential to generate long-term profit growth. This could have an effect if the

large number of assets can be managed properly by the company, but in reality, even though the number of assets of a company is quite large, this is not necessarily maximized by the company. This is in line with the statement from previous researchers which states that large or small values of company size will not affect earnings growth (Arigita & Arilyanti, 2024). In the food and beverage industry sector, although companies in this subsector have a large size, such as total assets or high revenue, this is not necessarily followed by a significant increase in profits from one year to the next. One of the reasons is the characteristics of the food and beverage industry which is highly competitive and sensitive to price, product innovation, and rapidly changing consumer preferences (Abdulloh, 2024). Large companies often face challenges in adapting quickly, due to complex organizational structures or slow decision-making.

In addition, the high costs of production, distribution, promotion, and large-scale working capital requirements can also erode profit potential. Thus, the size of the company is not the only determining factor in increasing the company's profit growth, of course it needs to be combined with an efficient management strategy and adapt to market changes that can affect the company's profit growth. This study agrees with research conducted by Arigita & Arilyanti (2024), and Putri & Andriansyah (2022) say that company size has no significant effect on earnings growth. However, it disagrees with research conducted by Desyana et al (2023), Petra et al (2020), and Purniawati & Ismunawan (2023) say that company size has a significant effect on earnings growth.

Effect of Sales Level on Earnings Growth

The statistical analysis in this study supports the second hypothesis, which states that food and beverage subsector businesses listed on the Indonesia Stock Exchange (IDX) see a positive and substantial relationship between sales level and profit growth.

The large volume of sales suggests that the market is making the most of the company's offerings, which in turn increases cash inflows and profit margins. Under these conditions, companies can reduce fixed costs per unit, maximize operational efficiency, and increase profitability. This is in line with the opinion that revenue is the main component in the calculation of profit, so its growth has a direct impact on the growth of corporate profits. This finding can be explained through Agency Theory, which states that owners want to maximize firm value and profit, while managers (agents) may have different objectives, such as maximizing personal compensation or avoiding risk (Fajriah et al., 2022). In this context, significant sales growth is an indicator that management has performed its duties well in increasing firm value. In addition, Agency Theory highlights the importance of aligning the interests between agents and owners so that managers are encouraged to achieve optimal performance, including increasing sales as a form of achieving the owner's desired targets (Fajriah et al., 2022).

The results of this study are in agreement with those of Gulo and Sembiring (2024), who found that sales volume significantly affects profit growth. What this indicates is that there is a correlation between the amount of sales a firm achieves and the likelihood of profit growth. Due to the short shelf life of the manufactured goods and their reliance on distribution volume and consumer purchasing power, sales serve as the primary determinant of revenue in the food and beverage business sector.

In addition, increasing sales generally also reflect the success of marketing strategies, the effectiveness of distribution channels, and product excellence in meeting market demand. Gains in profit are common for companies that can raise sales on a regular basis since this allows them to pay for operational expenses and take use of economies of scale more effectively. Thus, the company needs to increase the main focus

in the strategy of increasing sales of the company's products in order to increase the company's profit growth.

CONCLUSION AND SUGGESTION

Data processing shows that there is no substantial relationship between firm size and profit growth. Because other variables, such as operational efficiency, business strategy, and cost control, impact profit growth, it follows that the company size is not necessarily a determinant of profit potential. At the same time, sales have a favorable and substantial impact on profit growth for a company. So, the larger the sales, the better the chance of profit growth. This is in line with the theory that an increase in revenue from sales that is not accompanied by a high increase in operating expenses can earn a lot of profit. Thus, it can be concluded that in the context of food and beverage subsector companies, the level of sales is a key factor in driving profit growth, while company size does not have a significant effect.

The limitations on this research that need to be seen for the development of research after this. First, this study only uses two independent variables, namely company size and sales level, so it does not include other variables that also have the potential to affect profit growth, such as operational efficiency, cost structure, product innovation, or marketing strategy. Second, the object of research is limited to 10 food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2014-2024 period, so the results of this study cannot necessarily be generalized to all other industrial sectors. Third, the analytical technique used in this study is multiple linear regression, which has limitations in capturing non-linear relationships or indirect effects between variables. Taking into account these limitations, future research is expected to include other variables such as leverage, profitability, liquidity, innovation, and operational efficiency. These variables are important because they provide a broader picture of the company's financial and operational performance, which can influence profit growth. In the food and beverage sector, factors such as innovation and liquidity are especially relevant due to rapid changes in consumer preferences and high competition intensity. expanding the scope of sectors or industries, and using more complex analytical methods in order to produce a deeper understanding of the factors that influence corporate profit growth.

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