

## The Effect of Sales Growth and Inflation Rate on Profit Changes in Food and Beverage Sub-Sector Manufacturing Companies Listed on The Indonesia Stock Exchange

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### Abstract

*This study aims to determine and analyze the effect of sales growth and the inflation rate on profit changes in food and beverage sub-sector manufacturing companies listed on the Indonesian stock exchange in the 2018-2020 period. Data collection uses secondary data obtained from financial reports accessed through [www.idx.co.id](http://www.idx.co.id) and data on food and beverage company stocks, purposive sampling technique used. The population is 26 food and beverage companies listed on the Indonesia Stock Exchange for the 2018-2020 period, with 42 observations. While the samples taken amounted to 14 observations. The results of the research variable data have been tested on the classical assumptions in the form of normality assumptions, multicollinearity assumptions, and heteroscedasticity assumptions. After collecting the data, the data analysis method used multiple linear regression techniques and tested the hypothesis. The data was analyzed using the SPSS (Statistic et al.) Version 26 program. The results showed that sales growth had a positive and significant effect on changes in profits, and the inflation rate had a significant negative effect on changes in profits.*

**Keywords** Sales Growth, Inflation Rate, Profit Change

### INTRODUCTION

Profit turnover is a fluctuating profit evolution that occurs in a company. "The company's fluctuating profit turnover is a reference for investors to buy, sell and maintain the investments they have (Agustina & Silvia, 2014)". The profit that a company gets cannot be ascertained; forecasting a profit is done to see the future. The rise and fall of a company's profit is used as a reference for investors to invest in a company. "Company employees use the income statement to find out and determine how and how much income will be earned (Agustina & Silvia, 2014)".

**Table 1**

Company Name	2018	2019	2020
ALTO	-47.45	-77.64	42.3
CAMP	57.37	15.06	-40.35
ROTI	-6.05	85.98	-28.71
ICBP	29.32	15.05	31.48
Average	8.30	9.61	1.18

In 2018, the mean fluctuating profits of companies in the food and beverage sector amounted to 8.30%, then in 2019, the mean increased by 9.16%, and in 2020, the mean profit change again decreased with an average of 1.18%. Based on the conditions described in the



table above, companies in the food and beverage group from 2018 to 2020 are experiencing increases and decreases. Changes in sales increases that occur are used as one of the considerations for investors to invest their capital. Sales growth, which is used as a reference for a steady increase from period to period, means that the company has a promise of success in the future. "Increase in sales can be calculated by comparing the results obtained at the end of the current period and then deducting the results at the end of the previous period or equal to the difference between current sales and previous sales (Amri & Subardjo, 2020)".

The high level of sales will result in a net profit earned by assets or reflect the success of investment. With this sales growth, it can be seen that "the company is efficient in its level of sales to increase profits will increase with the effect of increased sales so that the company can fulfill its financial obligations (Ulfa & Retnani, 2018)".

The explanation above attracted researchers to take research, namely "The Influence of Sales Growth and Inflation Rates on Profit Changes in Food and Beverage Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX)."

## METHOD

The research object that the researcher uses in this research is a company engaged in the food and beverage sector based on the Indonesia Stock Exchange; for research 2018 to 2020, there are four companies; why did the researcher not take the last year (2021), because the data or financial report needed by the researcher has not been published Complete (not all companies related to this research publish financial reports in 2021) so researchers take the previous year, namely 2018-2020. Based on the criteria using the purposive sideways method, the number of samples used in this study was 14 companies. The research was carried out for three years, and the review obtained a total of 42 data obtained from the company's financial statements. This study uses one dependent variable, namely profit change, and two independent variables, namely sales growth and inflation rate.

The research mode used in this research is multiple linear regression analysis. Multiple linear analysis is the dependent variable (Y) connected or explained by more than one variable, maybe 2, 3, and then the independent variables (X1, X2, ..., Xn), but shows a linear relationship diagram. The addition of this independent variable is expected to be able to explain the characteristics of the existing relationships further even though there are still neglected variables.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e_i$$

Y	: Profit Change
$\alpha$	: Constanta
$\beta_{(1-2)}$	: Regression Efficiency
X <sub>1</sub>	: Sales Growth
X <sub>2</sub>	: Inflation Rate
e <sub>i</sub>	: term error

## RESULTS AND DISCUSSION

The hypothesis in this study can be answered by using multiple linear regression analysis with the independent variables inflation (X1), interest rates (X2), and stock returns (Y) as the dependent variables. Data processing using the SPSS 26 program obtained multiple linear regression modes, as shown in the following table:

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2,812	1,429		-1,968	,056
Sales Growth	,103	,039	,384	2,614	,013
Inflation Rate	-,162	,149	-,160	-1,089	,283

The test results can be described as follows:

1) Effect of Sales Growth (X1) on Profit Changes (Y).

The t-test obtained t-count was 2.614, and the p-value with a value of 0.013 was smaller than 0.05 and degrees of freedom = 42, obtained a t-table with a value of 2.018082. The value obtained at t-count > t-table (2.614 > 2.018082) and then significantly smaller, the p-value is 0.05 or 0.013 < 0.05, this means that H1 is accepted, then H0 is rejected. The value of the variable regression coefficient, namely Sales Growth, is 0.384. It is known that sales growth (X1) has a positive and significant effect on changes in profit (Y).

2) The Effect of the Inflation Rate (X2) on Profit Changes (Y).

The t-test obtained a t-count with a value of -1.089, the p-value has a value of 0.283, which means that the value is 0.05 greater and degrees of freedom = 42, t-table has a value of 2.018082. Furthermore, if the t-count value < t-table (1.089 < 2.018082) and the significance is greater than the p-value 0.05 or 0.283 > 0.05, meaning that H0 is accepted, then H2 is rejected. The variable regression coefficient, namely the inflation rate, is -0.160. The inflation rate (X2) does not affect earnings ups and downs (Y) changes.

## CLOSING

### Conclusions

The conclusions of the research are:

1. Positive sales growth and significant results contributed significantly to the increase in company food and beverage sub-sector profits on the Indonesia Stock Exchange. If the company's management can optimize the use of its high inventory, the impact will certainly affect the company and investors so that it can increase profits even higher in the capital market.



2. The inflation rate is not proven to significantly contribute to the increase in company profits. This means that information is very meaningful for investors.

### **Suggestion**

Suggestions from research are:

1. For companies grouping goods for consumption, maintaining and strengthening company and it gets a good return on investment according to the target and has good assets to be managed sustainably so that it has a positive influence on increasing the company's share price.
2. Investors should pay attention to the company's condition, starting with the movement of shares in the previous several periods, the financial statements, and especially how the company handles its liabilities and assets to make the right stock investment.
3. It is hoped that future researchers will increase the sample size, modify the scope of the research object and add several variables by modernizing further research to make the research more up-to-date.

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