

## **Optimizing Profits: An In-Depth Analysis Of Internal And External Factors In The Food And Beverage Industry (Focus On Optimization)**

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### **Abstract**

This research aims, to analyze the factors assessed from working capital to total assets, current liabilities to inventory, operating income to total liabilities, total assets turnover, net profit margin and gross profit margin simultaneously or partially influence profit growth in the food and beverage sub industry on the Indonesia. The research methodology is descriptive and quantitative analysis methods. Data used is secondary data. The population becomes the object in this research is the food and beverage sub industry on the Indonesia. Sekar Laut Tbk, PT Ultra Jaya Milk Industri & Trading Tbk, PT Moyora Indah Tbk, PT Akasha Wira International Tbk, PT Multi Bintang Ind Research results model of regression equation is  $Y = 0.374 + 0.907 F$  test result, it is known that independent variables simultaneously have a significant effect on profit growth. Fcount larger than Ftable ( $6.580 > 2.30$ ) or comparing the significant level of 0.05 then ( $0.000 < 0.05$ ) then  $H_0$  is rejected and  $H_a$  accepted. From the results t test on independent variable is working capital to total assets and net profit margin in partial effect to profit growth to the value of tcount > ttable. Conclusion is inflation, independent variable simultaneous significant effect on profit growth.. partially While working capital to total assets and net profit margin in partial effect to profit growth

**Keywords:** Optimizing Profits: An In-Depth Analysis Of Internal And External Factors In The Food And Beverage Industry

### **INTRODUCTION**

A company can be considered healthy if it can survive in any economic conditions. This can be seen from its ability to meet financial obligations and carry out its operations stably, as well as maintaining the continuity of its business development over time. The general public generally measures a company's success based on its capabilities, as evidenced by its management performance. Financial ratios are calculated using financial statements, which serve as a measuring tool for assessing a company's financial condition and performance. Ratio analysis produces several financial ratios that are useful for making investment decisions (Yati et al., 2024).

Broadly speaking, financial ratios are grouped into five categories: liquidity ratios, solvency ratios, activity ratios, profitability ratios, and valuation ratios or market size ratios. The financial ratios used in this study include liquidity ratios, activity ratios, and profitability ratios. The liquidity ratio indicates a company's ability to meet its short-term obligations. The activity ratio measures a company's effectiveness in utilizing its assets, including its efficiency in utilizing existing resources. Furthermore, the profitability ratio reflects a company's ability to generate profits. In this study, the liquidity ratio is represented by working capital to total assets (Nurdin, Sembiring, Phongsavath, Rahmawati, & Hutabarat, 2022).

A higher working capital to total assets ratio indicates a greater amount of working capital compared to total assets. This means that with greater working capital, the company's operational activities will run smoothly, leading to increased profits. Increased operational activities will result in increased profits. Furthermore, the leverage ratio is assessed based on current liabilities to inventory and operating income to total liabilities. Current liabilities to inventory is the ratio between current liabilities and inventory. A high current liability to inventory ratio indicates a company's high dependence on suppliers. This means that the company's short-term debt is used to finance its inventory. This can pose a significant risk to the company if it is unable to pay its short-term liabilities when they fall due (Hutabarat & Rosmiati, 2022).

Operating income to total liabilities is the ratio of operating profit before interest and taxes to total debt. A high operating income to total liabilities ratio indicates that the revenue generated from sales activities is greater than its total debt. This indicates the company's ability to repay its debts. Therefore, the continuity of the company's operations will not be disrupted, resulting in increased revenue and profit. Total asset turnover is an activity ratio, which measures or assesses how effectively a company uses its assets during a given period. This ratio also serves as a parameter for the effectiveness of the use of all company assets in sales operations. Total asset turnover also indicates the level of efficiency of the company's asset use in generating sales volume during a given period. The faster the assets turn over, or the higher the total asset turnover, the greater the company's efficiency in generating sales volume (Mursyid, Adriani, & Hutabarat, 2024).

## LITERATURE REVIEW

Therefore, it is hoped that effective total asset turnover can increase or optimize the company's profits. Furthermore, the profitability ratio measures the company's ability to generate profits. This ratio is a measure of a company's management effectiveness, reflected in the returns or investment returns from its activities. In this study, the profitability ratios highlighted are gross profit margin and net profit margin (M. Suratno, Saputra Hutabarat, & Sari, 2018). Gross profit margin is a ratio that indicates the gross profit generated from sales. The higher the gross profit margin, the better the company's operational performance. Net profit margin is a ratio that compares net profit to sales. The net profit margin ratio can be interpreted as a company's ability to reduce costs during a given period. The higher the net profit margin, the better the company's operations. An increasing net profit margin indicates good company performance (Pratiwi & Hutabarat, 2024).

The dependent variable studied is profit growth. The level of profit growth is crucial because it impacts the company's performance. Profit growth is the percentage increase in a company's profits in each period. Good profit growth is a sign of good company performance and leads to an increase in company value. The purpose of this study is to determine the effect of working capital to total assets, current liabilities to inventory, operating income to total liabilities, total asset turnover, net profit margin, and gross profit margin on profit growth in the food and beverage industry listed on the Indonesia Stock Exchange (Pratiwi & Hutabarat, 2024).

## RESEARCH METHOD

This research employed a quantitative descriptive method, which is a method used to describe or provide an overview of the object under study through predetermined data or samples (Sugiono 2010). The type of data used in this study is secondary data. Secondary data is data collected by data collection institutions and published to the public (Kuncoro, 2003). The data source for this study was financial reports from companies in the pulp and paper industry.

## RESULTS AND DISCUSSION

Based on various research findings on the analysis of factors influencing profit growth in the food and beverage sub-sector, it was found that these factors include both internal company variables (such as financial and operational ratios) and external factors (such as market and economic conditions) (S. Suratno & Hutabarat, 2023) and (Nurdin et al., 2022).

The following is a summary of the results and general discussion of related studies:

In general, research results show a diverse influence of various variables on profit growth, with some factors showing a significant influence and others not, depending on the research period and sample. Key factors frequently studied and their results:

1. Net Profit Margin (NPM): The majority of studies found that NPM has a positive and significant effect on profit growth. This indicates that a company's ability to maintain a net profit margin from sales is crucial for future profit growth.
2. Total Asset Turnover (TATO): Results for TATO vary. Some studies found a positive and significant effect, indicating that the efficiency of asset utilization to generate sales drives profit growth. However, other studies found no significant effect, indicating that asset efficiency is not the primary driver of profit growth in certain periods.
3. Debt to Equity Ratio (DER) / Leverage: The debt-to-equity ratio is frequently studied. Several studies have found a significant positive effect on profit growth, suggesting that effective debt utilization can drive expansion. However, in theory, high debt levels can also increase risk and interest expenses, which can depress profits.
4. Current Ratio (CR) / Liquidity: Some studies have found CR to have a significant partial effect on profit growth, while others have found no significant effect. This indicates that the ability to pay short-term obligations does not always correlate directly with profit growth.

5. Other Factors: Other factors such as sales level, cost of goods sold, operating expenses, company size, and company age are also cited as factors that influence profit.

The discussion in these studies typically focuses on interpreting statistical results in the context of the food and beverage industry:

1. The Importance of Operational Efficiency: Variables related to efficiency, such as TATO and expense management (cost of goods sold, operating expenses), are often key discussions. The food and beverage industry is highly sensitive to raw material and operational costs, so effective cost management will directly impact profit margins and growth.
2. The Role of Profit Margin: The consistent positive influence of NPM indicates that companies in this sector need to focus on pricing strategies and cost control to maintain strong profitability.
3. Sensitivity to Market Conditions: The food and beverage industry in Indonesia tends to be stable because its products are primary needs, but it remains sensitive to external factors such as inflation and consumer purchasing power, which can affect sales volume and selling prices.
4. Variation of Results Between Studies: Differences in results between studies (for example, regarding the influence of TATO or CR) are discussed as a reflection of differences in the time period of analysis, the sample of companies used, or the prevailing economic conditions at the time. This highlights the ever-changing dynamics of the industry.
5. Managerial Implications: The research findings provide input for company management to focus on financial and operational policies proven effective in increasing profits, such as sales strategies, asset management, and optimal capital structure.

Overall, profit growth in the food and beverage subsector is influenced by a complex combination of internal and external factors, with operational efficiency and the ability to generate healthy profit margins being the factors most frequently emphasized in various studies (Saputra, Umi, & Widjaja, 2021) and (Hutabarat, Sari, Rukhmana, & Dwijayanti, 2023).

## CONCLUSION

Based on the research results, the following conclusions can be drawn: 1) Simultaneously, the factors influencing profit growth, as measured by working capital to total assets, current liabilities to inventory, operating income to total liabilities, total asset turnover ratio, net profit margin, and gross profit margin, significantly influence profit growth in the food and beverage subsector, contributing 66.8%, with the remainder being influenced by other variables. 2) Partially, the factors influencing profit growth are working capital to total assets, current liabilities to inventory, operating income to total liabilities, total asset turnover ratio, net profit margin, gross profit margin, and working capital to total assets and net profit margin, which significantly influence profit growth in the food and beverage subsector.

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