

The Effect Sales Growth and Capital Structure on Profit Growth with Firm Size as a Control Variable

Faridah Rahmawati^{a*}, Cynthia Eka Violita^b

^{ab}Management Study Program, Universitas Nahdlatul Ulama Sidoarjo, Indonesia

Correspondening Author: 31422057.student@unusida.ac.ad

Abstract

This study investigates the influence of sales growth and capital structure on profit growth by considering firm size as a control variable in food and beverage companies listed on the Indonesia Stock Exchange (IDX) over the 2020–2024 period. The observation period was restricted to 2024 because audited financial statements for the 2025 fiscal year were not yet fully available for all sampled companies at time data were collected. Consequently, the 2020–2024 period was selected to ensure consistency and reliability in empirical analysis. The research adopts a quantitative approach using an associative research design, with the sample determined through purposive sampling. The empirical findings reveal that sales growth has a positive and statistically significant influence on profit growth. In contrast, capital structure and firm size do not exhibit statistically significant partial effects on profit growth. However, simultaneous analysis confirms that these variables collectively have a significant influence on profit growth. The Adjusted R-Squared value 14.69% indicates the model explains 14.69% of the variation in profit growth, while the remaining 85.31% is attributable to other factors beyond the scope of the proposed model. The main contribution of this study is the incorporation of firm size as a control variable, allowing for a more comprehensive assessment relationship between sales growth, capital structure, and profit growth. The findings are expected to contribute to the development of empirical research in financial management and provide useful insights for corporate managers and investors in designing strategies to improve financial performance and support investment decision-making.

Keywords; Capital Structure, Financial Performance, Firm Size, Profit Growth, Sales Growth.

@IJAAF 2026 published by Politeknik Negeri Banjarmasin. All rights reserved

1. Introduction

As one of the strategic manufacturing industries, the food and beverage subsector contributes significantly to maintaining industrial stability and promoting manufacturing growth in Indonesia (Abbas et al., 2020). The Central Bureau of Statistics (BPS) data shows that in 2020 there

were 11,223 business entities that operated in the food and beverage sector. This dropped to 9,026 in 2021, a decrease of around 19.57% as compared to 2020. The number of business entities continued to grow, albeit at a different rate from what was recorded in 2020, with the sector experiencing positive growth of approximately 20.76% to 10,900 in 2022. The data indicate a marked upward trend in 2023, with the number of business actors increasing by about 44.40% to reach about 4.85 million. The number of business actors kept rising in 2024 with around 5.27 million business actors, which is an increase of 48.24% from the previous year and 8.66% from 2019. The continued development of the food, beverage, and seafood sector demonstrates its strategic importance in supporting national economic resilience, especially in the field of corporate financial performance improvements, in Indonesia.

Profit growth is related to the expansion of business activities in this subsector; that is, a business has increased its net earnings over time. Profit growth is often seen as a measure of a company's success in managing revenue streams and controlling expenses while executing effective operations (Veronica, 2021). The more people enter the market and competition intensifies, the more companies need to invest in improving operational efficiencies, boosting innovation, and making better business decisions to ensure long-term profitability (Iskandar et al., 2024). The food and beverage subsector constitutes one of the most important sectors, where the external business environment is highly sensitive. The COVID-19 pandemic, as well as the increase and decrease of raw material prices and changes in consumers' purchasing power, has significantly affected the activities of companies in this sector (Ruskianti, 2023). In 2020, several food and beverage companies suffered huge losses in sales and profitability due to social restrictions that impacted economic activities (Mahrani & Triyono, 2022). Between 2021 and 2023, the market demand began to recover, but for many businesses, the rising cost of their operations continued to hamper their efforts to maximize profits (Paramida & Rachmawati, 2024). The ills of the business mentioned above has contributed to the necessity for companies to implement effective business strategies in sustainable sales growth and in the managing of capital structures in an effective and efficient manner so that in the long run the business will remain a continuous (Ridhoa & Rismawandi, 2024).

A business's profitability does not always grow with the value of their sales, especially when they have high operating costs that decrease the efficiency for the business (Ardiansyah et al., 2025). As such, a host of factors beyond just sales growth contribute to profit growth. There's still a need in firms to control costs effectively, enhance operational efficiencies,

and put in place good management systems for the rise of sales to make a positive impact on profitability. Besides this, Debt-to-Equity Ratio (DER) commonly used as a financial measure to assess the strength and stability of a company's financial position. DER is a measure of debt compared to shareholders' equity to finance operations and growth. Debt financing, when used properly, can help profit increase because they can add up productive capital where the returns on investment can be larger than the financing costs (known as one that allows returns to exceed financing costs) (Mustaqim, 2020).

The present study is driven by inconsistent empirical evidence reported in earlier studies concerning determinants of profit growth, particularly sales growth, capital structure, and firm size. Variation in previous findings suggests that no consensus has yet been established regarding the influence of these variables on profit growth. Maharani et al., (2025) reported that sales growth has a significant impact on profit growth, while capital structure does not exert a significant influence. Conversely, Risdaini et al., (2024) found that sales growth is not significantly associated with profit growth. Regarding capital structure, the findings of Putri & Andriansyah (2022) demonstrated a significant effect on profit growth. Similarly, empirical evidence on firm size remains inconclusive. (Apriliani, 2024) concluded that firm size significantly contributes to profit growth, whereas (Khairunnisa et al., 2025) reported that firm size does not have a statistically significant effect. These contrasting findings indicate the existence of a research gap, emphasizing the need for further empirical investigation involving companies food and beverage subsector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period.

Based on issues discussed above, to what extent do sales growth and capital structure influence profit growth among food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period after controlling for firm size?. Sales growth measures extent to which a company succeeds in expanding its sales revenue from one period next. An increase sales indicates stronger business performance and creates greater potential for improving profitability. When operating costs are managed efficiently, additional revenue generated from higher sales is expected to translate into increased profits. Consequently, sales growth is considered an important determinant profit growth and expected exert a positive influence on it (Maulana & Mesyani, 2023).

H₁ : Sales growth has significant effect on profit growth

A company's capital structure reflects a combination of debt and equity financing utilized to fund its business operations. An effective

financing strategy enables firms to support business expansion and improve financial performance. However, an excessive reliance on debt may increase financing costs, particularly interest expenses, which can reduce profitability. For this reason, capital structure expected significantly influence profit growth, although the relationship may become negative when debt levels are too high (Fathoni & Syarifudin, 2021).

H₂ : Capital structure has a significant effect on profit growth.

The size of a firm reflects the extent of its business operations and is generally represented by the value of its total assets. Larger firms generally enjoy competitive advantages, including easier access to capital markets, stronger financial capacity, greater operational efficiency, and improved resilience during periods of economic uncertainty. These advantages enable large firms to enhance their ability to generate and sustain profit growth (Alfitri, 2020).

H₃ : Firm size has a significant effect on profit growth.

Higher sales growth demonstrates the company's ability to expand its market and increase revenue, thereby creating opportunities for greater profitability. An appropriate capital structure allows firms to utilize financial resources efficiently, supporting operational activities and business expansion. Furthermore, larger firms tend to possess more extensive resources, stronger financial flexibility, and superior operational capabilities, all of which contribute to improved profit performance. Accordingly, sales growth, capital structure, and firm size are expected to jointly influence a company's profit growth. This expectation is supported by findings from Putri & Andriansyah (2022) and (Apriliani, 2024), which reveal that these variables collectively have significant impact on corporate profit growth.

H₄ : Sales growth, capital structure, and firm size simultaneously have a significant effect on profit growth.

2. Method

A quantitative research approach employing an associative design was adopted to examine the relationship between sales growth, capital structure, and profit growth, with firm size treated as a control variable. The study was conducted using data from food and beverage companies listed on the Indonesia Stock Exchange (IDX) over the 2020–2024 period. The observation period was restricted to 2024 because, during the data collection stage, audited financial statements for 2025 had not yet been released by all firms included in the population. Consequently, the 2020–2024 period was

considered most appropriate for obtaining complete and consistent research data.

The analysis was based entirely on secondary data obtained from official IDX website (www.idx.co.id) and audited annual reports published by sampled companies on their respective corporate websites. The sample was selected using a purposive sampling method according to predetermined inclusion criteria: (a) These criteria included companies operating in the food and beverage subsector and listed on IDX, (b) firms engaged in the production or distribution of processed food and beverage products, (c) companies that consistently disclosed complete annual financial statements during the observation period, and (d) firms that were free from extreme observations after the data screening process. Applying these requirements resulted in a final sample of 19 companies. The research variables were compiled from companies' financial statements using a structured data extraction form, covering information on sales, net profit, total liabilities, and total assets.

The empirical analysis was performed using panel data regression estimated with EViews 12 software. Prior to estimating the regression model, the most appropriate panel data specification was determined through the Chow test, Hausman test, and Lagrange Multiplier (LM) test. The selected model was subsequently evaluated using classical assumption tests comprising normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Finally, hypothesis testing was conducted through a t-test to assess individual effects of explanatory variables, an F-test to evaluate their joint effect, and Adjusted R^2 statistic to determine the explanatory power of the regression model.

3. Results and Discussion

Descriptive Statistics

Descriptive statistical analysis was conducted to summarize the characteristics of the research data. It presents the mean, median, maximum, minimum, standard deviation, skewness, kurtosis, and Jarque-Bera normality test results for the variables of Profit Growth, Sales Growth, Capital Structure, and Firm Size, as shown in Table 1.

Table. 1. Descriptive Statistics Result

	<i>Profit Growth</i>	<i>Sales Growth</i>	<i>Capital Structure</i>	<i>Firmsize</i>
Mean	3.580526	2.948526	4.143368	2902.884
Median	3.750000	3.100000	4.320000	2884.000

Maximum	6.330000	5.050000	5.850000	3294.000
Minimum	0.820000	-2.770000	2.300000	2630.000
Std. Dev.	1.236742	1.308715	0.907274	163.8213
Skewness	-0.099850	-1.149508	-0.353173	0.913542
Kurtosis	2.750504	5.700966	2.100222	3.066750
Jarque-Bera	0.404257	49.79857	5.179584	13.23150
Probability	0.816990	0.000000	0.075036	0.001339
Observations	95	95	95	95

Source: Output EViews 12

The descriptive statistical analysis reveals that the average value of the variable profit growth is 3.580526, while the median value of the variable is 3.750000. The largest recorded was 6.330000 and the lowest recorded was 0.820000, with an SD of 1.236742. From the findings extracted from the sampled companies, it is observed that profit growth was not significantly varying with only moderate variations during the observation period. The mean value of the sales growth variable is 2.948526, and the median value is 3.100000. Its maximum value is 5.050000 and its minimum value is -2.770000, and the standard deviation is 1.308715. That means that the sampled companies didn't differ as much in sales performance as might seem to suggest, given that there was a stagnation in sales growth.

The median for the capital structure variable 4.320000, the mean value of the variable 4.143368 The range is from 2.300000 to 5.850000 with a standard deviation of 0.907274. From these results, it can be inferred that capital structure the companies in sample was not very diverse. In terms of firm size, the descriptive statistics show a mean value 2,902.884 and a median value 2,884.000. The maximum value is 3,294.000, whereas the minimum value is 2,630.000, with a standard deviation of 163.8213. This fact indicates that these samples were somewhat typical regarding size. The descriptive statistics also show that the variables measured with this study have little variability, as all the SDs are smaller than the means of the variables. This indicates that distribution data values of each variable is fairly stable in the sampled companies in the observed period from 2020 to 2024 and have a relatively low variance in the growth rate of the profit, sales, capital structure and size of the company (Ghozali, 2021)

Chow Test

After descriptive statistical analysis, the Chow Test was performed to determine the appropriate panel data regression model by comparing the Common Effect Model (CEM) and Fixed Effect Model (FEM). This test

identifies whether fixed effects are required. The results are presented in Table 2.

Table 2. Chow Test Results

<i>Effects Test</i>	<i>Statistic</i>	<i>d.f.</i>	<i>Prob.</i>
Cross-section F	4.852135	(18.73)	0.0000
Cross-section Chi-square	74.748595	18	0.0000

Source: Output EViews 12

The output of the Chow test shows that the probability corresponding to the cross-section chi-square statistic is 0.0000. Since these probability values are lower than the 0.05 significance level. Accordingly, the panel data model selection process confirmed that the Fixed Effect Model (FEM) provides the best specification for estimating the relationship among variables examined in this study (Ghozali, 2021).

Hausman Test

After the Chow Test, the Hausman Test was performed to determine whether the Fixed Effects Model (FEM) or the Random Effects Model (REM) was more appropriate. This test examines the correlation between individual effects and the independent variables. The results are presented in Table 3.

Table 3. Hausman Test Results

<i>Test Summary</i>	<i>Chi-Sq. Statistic</i>	<i>Chi-Sq. d.f.</i>	<i>Prob.</i>
Cross-section random	6.837614	3	0.0773

(source: Output EViews 12)

The Hausman test shows a Chi-square statistic 6.837614 with a probability value of 0.0773. Since the probability value exceeds the 0.05 significance level. Therefore, based on model selection tests, random Effect Model (REM) was determined to be the best-fitting approach for estimating panel data regression model (Ghozali, 2021).

Lagrange Multiplier (LM) Test

Following the Hausman Test, the Lagrange Multiplier (LM) Test was conducted to determine whether the Random Effect Model (REM) was more appropriate than the Common Effect Model (CEM). Using the Breusch-Pagan approach, the test results are presented in Table 4.

Table 4. LM Test Results

	<i>Cross-section</i>	<i>Test Hypothesis Time</i>	<i>Both</i>
Breusch-Pagan	26.58991	0.247623	26.83753

(0.0000)	(0.6188)	(0.0000)
----------	----------	----------

(source: Output EViews 12)

The Lagrange multiplier test revealed that the probability value for the cross-section effect was 0.0000. Since this value falls below the 0.05 significance threshold, empirical evidence supports the use of the Random Effect Model (REM) as the optimal specification for the panel data regression model employed in this study (Ghozali, 2021).

Classical Assumption Tests

Residual Normality Test

A residual normality test was conducted to determine whether the residuals in the regression model were normally distributed. This test is one of the classical assumptions that must be met to ensure valid and interpretable regression estimation results. In this study, residual normality was tested using histograms and Jarque-Bera statistics generated by EViews 12 software. The results of the residual normality test are presented in Figure 1.

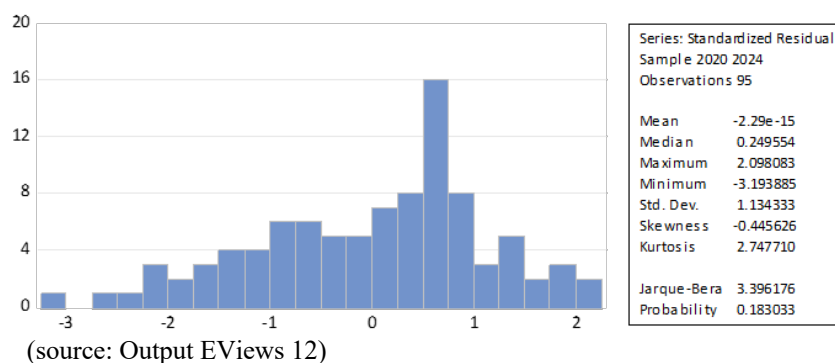


Figure 1. Normality Test Result

The normality test results show a Jarque-Bera statistic of 3.396176 with a corresponding probability value of 0.183033. Since the probability value exceeds the 0.05 significance level. Therefore, the findings confirm that residuals are normally distributed, thereby indicating that the regression model complies with the normality assumption (Ghozali, 2021).

Multicollinearity Test

A multicollinearity test was performed to examine the correlation among the independent variables in the regression model. Using the correlation matrix generated by EViews 12, the test assessed multicollinearity for the Sales Growth, Capital Structure, and Firm Size variables. The results are presented in Table 5.

Table 5. Multicollinearity Test Result

	<i>Sales Growth</i>	<i>Capital Structure</i>	<i>Firmsize</i>
Sales Growth	1.000000	-0.105529	0.197391
Capital Structure	-0.105529	1.000000	0.209461
Firmsize	0.197391	0.209461	1.000000

Source: Output EViews 12

The multicollinearity test using the correlation matrix indicates that the correlation coefficient between sales growth and capital structure is -0.105529 , between sales growth and firm size is 0.197391 , and between capital structure and firm size is 0.209461 . The pairwise correlations among the explanatory variables do not exceed the cutoff value of 0.90 , indicating the absence of a strong linear relationship between them. These findings suggest, indicating that multicollinearity is not an issue in the estimated regression model. Therefore, variables sales growth, capital structure, and firm size can be included simultaneously in the regression analysis without causing multicollinearity issues (Ghozali, 2021).

Autocorrelation test

An autocorrelation test was performed to examine the correlation between residuals in the regression model. Using the Durbin–Watson (DW) test in EViews 12, the analysis assessed the independence of residuals. The autocorrelation test results are presented in Table 6.

Table 6. Autocorrelation Test result

<i>Statistic</i>	<i>Value</i>
Durbin-Watson stat	1.871859

(source: Output EViews 12)

The values of the autocorrelation test are such that Durbin–Watson statistic is equal to 1.871859 . This value is between the bounds of -2 and $+2$, and is reasonably close to 2 ; therefore, the regression model is not autocorrelated. Hence, the model fulfills the assumption of autocorrelation for regression analysis (Ghozali, 2021).

Heteroscedasticity Test

A heteroscedasticity test was conducted to examine whether the regression model exhibited constant residual variance. The Glejser test, using EViews 12, was employed to detect heteroscedasticity among the independent variables. A model free from heteroscedasticity ensures reliable parameter estimates and hypothesis testing. The results are presented in Table 7.

Table 7. Heteroscedasticity Test Results

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
C	-0.613049	1.577693	-0.388573	0.6985
Sales Growth	0.018532	0.053407	0.346998	0.7294
Capital Structure	0.047984	0.094499	0.507769	0.6128
Firmsize	0.000444	0.000562	0.789794	0.4317

Source: Output EViews 12

The heteroskedasticity test using the Glejser method indicates that the probability values of the variables, which are sales growth, capital structure, and firm size, are 0.7294, 0.6128, and 0.4317, respectively. All probability values are greater (0.05), consequently, none of the explanatory variables show a statistically significant association with the absolute residuals. Thus, model regression can be regarded as not having heteroscedasticity, and the assumption of homoscedasticity has been met (Ghozali, 2021).

Multiple Linear Regression Analysis

Profit Growth = 6,66 + 0,39 Sales Growth + 0,16 Capital Structure + -0,002 Firmsize. The regression results show that the constant or intercept value is 6.66, which is the expected value of the dependent variable (profit growth) if the independent variables (sales growth, capital structure, and firm size) are set at their lowest zero values. This coefficient indicates that for every 1 unit rise in sales growth, the profit growth changes by 0.39 units, thus controlling for the other factors. The positive value means that sales growth goes hand-in-hand with profit growth. The capital structure coefficient is 0.16, which means that for a one-unit change in capital structure, the profit growth should change by 0.16 units, *ceteris paribus*. This is also the finding of positive correlation between capital structure and profit growth. By comparison, the coefficient in front of firm size is -0.002, these findings indicate that, assuming all other variables remain unchanged, each one-unit increase in firm size is expected to reduce profit growth by an average of 0.002 units. The negative regression coefficient suggests that firm size has an inverse relationship with profit growth, implying that larger firms tend to experience lower profit growth than smaller firms. The overall regression coefficients suggest that sales growth and capital structure are both positively associated with profit growth, while firm size is negatively associated with profit growth.

T-Test

A t-test was conducted to determine the partial effect of each independent variable on the dependent variable. The test was conducted by

comparing probability values (p-values) at a 5% significance level. The results of the t-test using EViews 12 are presented in Table 8.

Table 8. T-Test Results

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob.</i>
C	6.658304	3.590126	1.854616	0.0669
Sales Growth	0.394389	0.088905	4.436054	0.0000
Capital Structure	0.159434	0.191501	0.832545	0.4073
Firmsize	-0.001688	0.001264	-1.335724	0.1850

Source: Output EViews 12

The partial regression analysis reveals that sales growth has a t-statistic of 4.436054 with a significance probability of 0.0000. The significance value, which is below the 0.05 threshold, provides sufficient statistical evidence that sales growth positively influences profit growth. Consequently, companies with sustained sales expansion are more likely to enhance their profitability and strengthen their overall financial performance. It has a t-statistic of 0.832545 and the probability value 0.4073 for the capital structure variable. The value is greater than 0.05 the analysis provides no statistical evidence that capital structure is a significant determinant of profit growth.

The regression coefficient is estimated to be positive but not statistically supported. Likewise, the size of the firm gives a t-statistic of -1.335724 with a p-value of 0.1850. The probability value exceeds the established significance level of 0.05, providing insufficient statistical evidence to conclude that firm size contributes significantly to profit growth. While the regression coefficient indicates a negative direction, the effect is not statistically significant, implying that variations in firm size do not meaningfully explain changes in profit growth (Ghozali, 2021).

F-Test

The F-test was conducted to determine the simultaneous influence of independent variables on the dependent variable and to test the feasibility of the regression model. The test was conducted by comparing the probability values of the F-statistic at a 5% significance level. The results of the F-test are presented in Table 9.

Table 9. F-Test Results

<i>Statistic</i>	<i>Value</i>
F-statistic	6.397467
Prob(F-statistic)	0.000555

Source: Output EViews 12

The results of the simultaneous hypothesis test revealed an F-statistic 6.397467 with a corresponding p-value of 0.000555. Given that the p-value is below the established significance level of 0.05, the empirical evidence confirms that the combined influence of sales growth, capital structure, and firm size significantly explains variation in profit growth (Ghozali, 2021).

Coefficient of Determination (R²) Tests

The coefficient of determination (R²) test is conducted to measure the ability of the independent variables to explain variations in the dependent variable. The higher the R² value, the greater the model's ability to explain changes in the dependent variable. The results of the coefficient of determination test are presented in Table 10.

Table 10. Coefficient Determination (R ²) Test Results	
Statistic	Value
R-squared	0.174172
Adjusted R-squared	0.146947

Source: Output Generated by EViews 12 Student Version

The coefficient of determination demonstrates that sales growth, capital structure, and firm size jointly explain only 14.6947% of the variability in profit growth. Consequently, 85.3053% of the observed variation is associated with other determinants not considered in this study, indicating that the explanatory capacity of the proposed model is relatively low, indicating that other factors besides the ones that were explored in this research can exert a stronger influence in driving the profit growth among food and beverage companies during 2020–2024 (Ghozali, 2021).

The Influence of Sales Growth on Profit Growth

The analysis provides empirical evidence that higher sales growth is significantly associated with increased profit growth. Companies that achieve sustained growth in sales are more likely to record improvements in profit growth, suggesting that stronger sales performance contributes to higher profitability and improved financial results. These findings provide empirical support for the signaling theory formulated by Spence (1973), as cited in Hasriyono et al., (2025), which suggests that increasing sales growth conveys favorable information about a company's future performance to investors and other stakeholders. Rising sales indicate growing consumer demand for the company's products, which enhances revenue generation and creates greater potential for profit expansion.

The empirical evidence presented in the study supports the findings of Maharani et al., (2025) and Sembiring et al., (2023), findings of both

studies consistently indicate that sales growth exerts a positive and statistically significant influence on profit growth. Nevertheless, findings contradict those of Risdaini et al., (2024), whose study concluded that variations in sales growth do not significantly contribute to changes in profit growth. Among companies in the food and beverage subsector, sales growth reflects their capability to strengthen market competitiveness, expand their customer base, and improve product sales. Sustainable increases in sales, supported by efficient operational activities and effective cost management, can enhance company profitability and ultimately contribute to long-term profit growth.

The Influence of Capital Structure on Profit Growth

The results demonstrate that Debt-to-Equity Ratio (DER), as a proxy for capital structure, is not a statistically significant predictor of profit growth. Therefore, modifying the proportion of debt financing relative to equity does not appear to substantially affect the growth of corporate profits. This outcome is consistent with the Trade-Off Theory developed by (MYER, 1984), cited in (Maharani et al., 2025), which maintains that tax-deductible interest payments constitute one primary benefit of debt financing, it also increases financial risk and interest obligations. As a result, when borrowed funds are not allocated efficiently, the costs associated with debt may offset its potential advantages, limiting its ability to enhance profitability.

The results obtained in this study support findings by Putri & Andriansyah (2022), Setyowati (2021), and Khairunnisa et al., (2025), who similarly reported that capital structure is not a significant determinant of profit growth. In contrast, the empirical evidence obtained in this study contrasts with the findings presented by Apriliani (2024), Suleman et al., (2023), and Maharani et al., (2025), whose findings indicate that capital structure positively and significantly influences profit growth. The empirical evidence indicates that using debt as a financing source has not significantly contributed to increasing profit growth among food and beverage companies listed on the Indonesia Stock Exchange. Instead, these firms may rely more heavily on equity financing or internally generated funds to support their operational activities. Consequently, changes in capital structure were not sufficient to explain variations in profit growth during the 2020–2024 observation period.

The Influence of Firm Size on Profit Growth

The results suggest that firm size is not a significant predictor of profit growth. Therefore, variations in the operational scale of companies do not

substantially explain differences in profit growth across food and beverage firms listed on the Indonesia Stock Exchange. In general, larger firms possess greater financial resources, an enhanced ability to obtain external financial resources, and stronger operational capabilities (Alfitri, 2020). Nevertheless, a larger asset base does not automatically translate into higher profit growth unless those resources are managed efficiently and utilized productively. Therefore, company size alone is insufficient to guarantee improved financial performance.

The results obtained in this study support findings by (Khairunnisa et al., 2025) and (Ardiansyah et al., 2025), whose study also demonstrated that firm size is not a statistically significant predictor of profit growth. However, the results differ from those of Apriliani (2024), who found that firm size positively and significantly influences profit growth. In this study, firm size was incorporated as a control variable to account for differences in company characteristics. The insignificant result implies that variations in company size contribute little to explaining profit growth. The findings suggest that operational performance, efficient resource allocation, and managerial competence are more critical determinants of profit growth than the company's asset base or operational scale.

The Simultaneous Influence Sales Growth, Capital Structure, and Firm Size on Profit Growth

The empirical analysis confirms that sales growth, capital structure, and firm size jointly influence profit growth in a statistically significant manner. These findings imply that the combined contribution of the three variables is relevant in explaining the variation in profit growth observed among food and beverage firms included on the Indonesia Stock Exchange during the research period. The coefficient of determination (Adjusted R-Squared) was estimated at 0.146947, indicating that 14.69% of the variability in profit growth is explained by the explanatory variables incorporated into the model. The remaining 85.31% is attributable to other factors that were not incorporated into the model, such as profitability, liquidity, operational efficiency, business activities, macroeconomic conditions, and the level of market competition. The results obtained in this study support the findings reported by (Putri & Andriansyah, 2022), and (Apriliani, 2024), which similarly concluded that sales growth and capital structure simultaneously influence profit growth.

Overall, the results indicate that profit growth is influenced by sales growth, capital structure, and firm size. Among these variables, only sales growth has a significant partial effect, while all variables jointly have a

significant impact on profit growth. Therefore, improving sales performance is essential to support sustainable profit growth.

4. Conclusion

Based on the empirical analysis, sales growth is identified as the sole variable that significantly and positively affects profit growth. The statistical results provide no evidence that capital structure, measured by Debt-to-Equity Ratio (DER), and firm size make significant individual contributions to explaining profit growth among food and beverage companies listed on the Indonesia Stock Exchange throughout the 2020–2024 observation period. Nevertheless, empirical results indicate that the three explanatory variables, when considered simultaneously, make a statistically significant contribution to explaining profit growth. The results indicate that profit growth is shaped by the combined influence of operational, financial, and firm-specific factors. Accordingly, companies should not rely solely on a single aspect of financial management but should adopt an integrated approach that emphasizes sales expansion, efficient financial resource management, and well-balanced financing decisions to enhance long-term profitability. The findings also offer practical value for managers by providing empirical evidence that can support strategic decision-making aimed at improving financial performance. In addition, investors may use these results as complementary information when evaluating a company's growth prospects and financial sustainability before making investment decisions. This study was limited to examining effects of sales growth and capital structure on profit growth, with firm size included only as a control variable. Future research is therefore encouraged to incorporate theoretically supported mediating variables to better explain relationships among these variables and reduce inconsistencies in previous empirical findings.

References

- Abbas, D. S., Winda Ningsih, & Susilawati. (2020). *Economic Performance: Companies In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange*. 2, 252–261.
- Alfitri, I. D. (2020). *The Effect Of Profitability Ratios, Activity Ratios, And Company Size On Profit Growth*.
- Apriliani, S. (2024). *The Effects Of Capital Structure, Activity, Liquidity, And Company Size On Profit Growth (An Empirical Study Of Companies In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange From 2016 To 2020)*. 1(1), 1–17.
- Ardiansyah, B. Y. P., Mas'adah, N., Febrianti, D., & Astuti, S. Y. (2025). *The Impact Of Production Costs, Operating Costs, Promotion Costs,*

- And Sales Growth On Net Income At Companies In The Food And Beverage Subsector Listed On The Bei From 2019 To 2023.* 6(1), 173–189. <https://doi.org/https://doi.org/10.31967/Jakuma.V6i1.1511>
- Asih, M. D., & Dewanti, M. A. (2024). *The Effect Of Firm Size, Total Assets Turnover, And Debt-To-Equity Ratio On Return On Assets In Companies In The Oil, Gas, And Coal Subsector Listed On The Indonesian Stock Exchange.* 6(3), 460–469. <https://doi.org/https://doi.org/10.23887/Pjmb.V6i3.77239>
- Fajriah, A. L., Idris, A., & Nadhiroh, U. (2022). *The Effects Of Sales Growth, Company Growth, And Company Size On Company Value.* 7(1), 1–12. <https://journal.undiknas.ac.id/index.php/manajemen>
- Fathoni, R., & Syarifudin. (2021). *The Effect Of Capital Structure On Profitability, With Firm Size As A Moderating Variable (A Study Of Companies In The Jii Index For The 2017–2019 Period).* 7(03), 1347–1356. <https://doi.org/https://doi.org/10.29040/Jiei.V7i3.2761>
- Ghozali, I. (2021). *Multivariate Analysis Applications Using Ibm Spss 26, 10th Edition.*
- Halim, E. D., & Chrisnanti, F. (2023). *The Effect Of Financial Performance And Other Factors On Earnings Management In Manufacturing Companies.* 3(2), 451–460. <https://doi.org/https://doi.org/10.34208/Ejatsm.V3i2.2117>
- Hasriyono, Diandra, K. M., & Karina, P. (2025). *Factors Affecting Profit Growth.* 10, 55–66. <https://doi.org/10.34127/Jrakt.V10i1.1533>
- Iskandar, Y., Pratama, A. B., Ardhiyansyah, A., & Kurniawan, K. (2024). *Investigating The Relationship Between Market Competition, Technology Adoption, And Sustainability Practices In Value Cocreation And Social Entrepreneurship Initiatives In Indonesia.* 25(3), 1200–1219. <https://doi.org/https://doi.org/10.33736/Ijbs.8576.2024>
- Khairunnisa, N., Nurfadillah, M., & Saputra, P. H. (2025). *The Effect Of Capital Structure And Company Size On Earnings Growth In Food And Beverage Companies Listed On The Indonesia Stock Exchange (Idx). Neraca Keuangan : Jurnal Ilmiah Akuntansi Dan Keuangan,* 20(2), 394–404. <https://doi.org/10.32832/Neraca.V20i2.20732>
- Maharani, I., Jamal, S. W., & Fauziah, F. (2025). *The Effect Of Sales Growth And The Debt-To-Equity Ratio On Profit Growth In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange For The Period 2015–2024.* 4(2). <https://doi.org/https://doi.org/10.59086/Jam.V4i2.880>
- Mahrani, W. S., & Triyono. (2022). *The Impact Of The Covid 19 Pandemic On Company Financial Performance (Case Study Of A Food & Beverage Company Listed On The Idx).* 2024(2), 1–9.

- <https://doi.org/10.29103/Jak.V10i2.7064>
- Maulana, Y., & Mesyani, E. (2023). *Effect Of Sales Growth, Profitability, Liquidity, And Leverage On Profit Growth*. 24(01), 1–7.
- Mustaqim, M. (2020). *The Effect Of Roe, Dar, Der, And Ear On Roa, With Npm And Csr As Intervening Variables*. 5, 81–92.
- Paramida, N., & Rachmawati, T. (2024). *The Effect Of Production Costs, Operating Costs, And Sales Volume On Net Income In The Food And Beverage Industry Among Companies Listed On The Indonesian Stock Exchange From 2021 To 2023*. 9(204), 3732–3741. <https://doi.org/10.30651/Jms.V9i5.24957>
- Putri, T. E., & Andriansyah. (2022). *The Effects Of Capital Structure, Firm Size, And Sales Growth On Profit Growth*. 2022, 16–28. <https://doi.org/10.35310/Jass.V4i01.969>
- Ridhoa, R. A., & Rismawandi. (2024). *The Effects Of Financial Performance, Capital Structure, Company Size, And Sales Growth On Company Value (An Empirical Study Of Manufacturing Companies In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange, 2019–2023)*. 1(5), 34–43. <https://doi.org/10.69714/19yhgt07>
- Risdaini, Y., Suryati, A., Wiyani, N. T., & Arigawati, D. (2024). *The Impact Of Operating Costs And Sales Growth On Net Income At Companies In The Food And Beverages Subsector Listed On The Indonesia Stock Exchange, 2019–2023*. *Jurnal Ekonomi, Manajemen, Akuntansi*, 3(6), 2122–2133. <https://doi.org/10.56799/Ekoma.V3i6.5292>
- Ruskianti. (2023). *The Impact Of The Covid-19 Pandemic On Business Performance In Kendari (A Case Study Of The Food Service Industry)*. 8, 70–81. <https://doi.org/10.33772/Jpep.V8i1.257>
- Sembiring, J. C., Sitepu, W. R. B., Katharina, N., Sipahutar, T. T. U., & Asmara, L. (2023). *The Effect Of Gross Profit Margin, Net Profit Margin, And Sales Growth On Profit Growth In Manufacturing Companies Listed On The Indonesian Stock Exchange (Bei) From 2019 To 2023*. *Akuntansi Prima*, 5(2), 124–141. <https://doi.org/10.34012/Japri.V4i1.5075>
- Setyowati, J. A. A. (2021). *The Effect Of Financial Performance And Company Size On Profit Growth In Pharmaceutical Companies*.
- Suleman, I., Machmud, R., & Dungga, M. F. (2023). *Analysis Of Factors Affecting Profit Growth In Companies In The Food And Beverage Subsector Listed On The Indonesia Stock Exchange, 2015–2019*. 5(3), 963–974.
- Veronica, T. (2021). *The Effects Of Sales Growth, Profit Growth, And Liquidity On Company Value In The Food And Beverage Industry*.