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THE INFLUENCE OF PRODUCTION COSTS, PROMOTION AND SALES COSTS ON COMPANY PROFITS
(Empirical Study of Manufacturing Companies in the Food and Beverage Sector Registered Dibei Period 2018-2021)

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Abstract

Net profit is the limited measure of a company's success. The main purpose of establishing a business or company is to make a profit. Planning and controlling profits is one of the roles of company management that is really needed, to generate maximum profits. The following are the factors that influence making a profit, namely production costs, promotion costs, and sales. This research aims to determine the influence of production costs, promotion and sales costs on company profits. In this research, the sample used is food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The analysis method uses multiple linear regression analysis methods with a significance level of 5% or 0.05. The research results show that the production cost variable with a significance value of 0.000 < 0.05, the promotion cost variable with a significant value of 0.003 < 0.05 and the sales variable 0.000 < 0.05 affect the profits of manufacturing companies listed on the Indonesia Stock Exchange, this can be seen from the results of the t-test. The results of the f- test show that production costs, promotion costs and sales have a joint effect on company profits, the R2 value is 79,3%.

Keywords*: Production Costs, Promotion Costs, Sales, Profit*

1. Introduction

A company has goals or targets that it wants to achieve. One of them is to obtain the maximum possible profit. With the profits obtained then makes the company grow and develop and can provide a good level of satisfaction to consumers. However, it is also important to consider other factors such as revenue growth, cost control, and profit margins. Profit is greatly influenced by internal factors and external factors of the Company, internal factors that influence profit are costs, costs are capital expenditures used to produce a product in the form of goods or services. In the process of producing goods or services, the costs used greatly influence capital. Low production costs will increase sales profits so that company profits will increase. If production costs are high then sales profits are low. An example of external factors is the existence of business competition in the global world which influences profit growth. To measure management's success in managing a company, it can be seen from the size of the profits the company makes.

In general, the problem that often arises is cost planning that is not in accordance with what actually happens. Therefore, to achieve efficient production, it is necessary to control the production costs that will be used. Harnanto, (2019) believes that production costs are costs that are considered inherent in the product, including good costs directly or indirectly can be identified with the activities of processing raw materials into finished products. Meanwhile (Mulyadi, 2019) believes that production costs are the costs incurred to process raw materials into products that are

ready to be sold. To obtain maximum income, the company must spend production costs efficiently so that the company's profits increase. According to Hidayanti et al.,2019, states that sales volume is the sum of all sales achieved by a company in a certain period. There is a close relationship between sales volume and a company's net profit. The increasing volume of product sales at the company will result in increasing company profits.

Sales definitely requires promotion of products sold to consumers. Promotion is a delivery of information from sellers to buyers with the aim of introducing products to buyers who previously did not know the product being sold, so that buyers can get to know and buy the product. Promotion costs can be interpreted as sacrifices incurred by the company in carrying out the company's marketing activities, especially in terms of implementing promotions.

The efficiency of production costs, promotional costs and increased sales is expected to produce maximum profits. Profit can make a company grow and develop. One way to obtain maximum profits is to increase sales volume and reduce costs incurred. Yuda, 2020 stated that there is a close relationship between sales volume and the increase in the company's net profit, in this case it can be seen from the company's profit and loss report. Profit will appear if product sales are greater than the costs incurred. Companies must be careful in selling products to consumers, so that the planned sales volume will be achieved in an effective manner.

Manufacturing companies in the food and beverage sector are companies that are growing in Indonesia. As an industry that has good economic growth, food and beverage industry shares are one of the most actively traded sub-sectors on the IDX. The growth rate of this industry is quite high and can last for a long time, this can be seen from the level of consumption of the Indonesian people. As the population growth in Indonesia increases, the need for food and drink also continues to increase. Indonesian people really like to enjoy fast food, which has led to the emergence of many new companies operating in the food and beverage sector. In the midst of the Covid-19 case that has hit the world, food and beverage companies continue to operate with good growth because food and drink are basic needs for humans. so that companies on the Indonesian Stock Exchange (BEI), especially in the food and beverage sub-sector, have the opportunity to grow and develop.

Based on the descriptions above, researchers are interested in further research on the influence of production costs, promotional costs incurred by the company and sales on company profits. So the author is interested in choosing the title for this writing, namely: "The Influence of Production Costs, Promotion and Sales Costs on Company Profits in Food and Beverage Sector Manufacturing Companies Listed on the IDX for the 2018-2021 Period"

2. Research Methods

This research uses quantitative research methods, following the approach described by Sagiyono (2019). The collected data is analyzed using quantitative and statistical methods with the aim of producing results in the form of numbers.

The data in this research comes from previous studies or from literature reviews published in various journals. Apart from that, data was collected from books. And also from internet and literature sources to collect relevant research data or information from the official website of the Indonesian Stock Exchange www.idx.co.id to obtain research data in the form of financial reports.

Population is a group of people, events or everything that has certain characteristics. Population members are called population elements. Population refers to the entire group of people, events, or things of interest that researchers want to investigate (Sugiyono 2019). The population in this study are 30 manufacturing companies operating in the food and

beverage sub-sector listed on the Indonesia Stock Exchange in 2018-2021.

Based on Sugiyono (2019), the sample is part of the number and characteristics of the population. The sample is part of the number and characteristics of the population. Sampling was carried out using purposive sampling. Based on the criteria determined in this research, the sample of companies that met the criteria obtained in this research were 19 manufacturing companies operating in the food and beverage sector which were listed on the Indonesia Stock Exchange in 2018-2021 and multiplied by the 4 year research period 2018-2021, the total number of research samples is 76 financial reports.

According to Sugiyono (2019), "Data collection techniques are the most important stage because data collection is the main goal of research. This research data uses annual financial reports and company annual reports which contain discussions regarding production costs, promotional costs, sales and profit and loss reports for the period 2018 to 2021.

This research uses various analytical techniques such as descriptive statistical analysis, multiple regression analysis, F test, t test, and coefficient of determination test (R^2).

3. Results And Discussion

3.1. Research result

3.1.1 Descriptive Statistical Analysis

Analysis is carried out by calculating the maximum, minimum and average values of the sample. The following are the results of descriptive statistical analysis processed using SPSS version 18 as follows:

Table 1
Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Production Costs	76	12.872	520.788	241.712,88	135.821,439
Promotional Costs	76	29.870	935.100	259.890,20	115.763,530
Sales	76	24.125	935.100	308.918,70	214.955,690
Profit	76	4.156	55.355	27.216,05	12.200,168
Valid N	76				

Source: Primary data processed from SPSS 23, 2023

3.1.2. Normality Test

Normality testing for this research uses non-statistical tests parametric Kolmograv-Smirnow (K-S) with decision making if the significance value is > 0.05, then H0 is accepted, meaning the residual value is normally distributed, and if the significance value is < 0.05, then H0 is rejected, meaning the residual value is not normally distributed. Normality test results can be seen in the table below:

Table 2 Result of Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		76
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	11744.40859780
Most Extreme Differences	Absolute	.116
	Positive	.116
	Negative	-.070
Kolmogorov-Smirnov Z		1.009
Asymp. Sig. (2-tailed)		.261

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed from SPSS 23, 2023

From the results of the Kolmogorov Smirnov test, it shows that the significance value for the regression model is 0.261 > 0.05. So in accordance with the basis for decision making in the Kolmogorov-Smirnov test above, it can be concluded that the data is normally distributed. Thus, the assumptions and requirements for normality in the regression have been met.

3.1.3. Multicollinearity Test

The results of the multicollinearity test from the full regression model can be seen in the table below:

Table 3 Result of Multycollinearity Test

	Tolerance	VIF
Production Costs (X1)	0,393	2,457
Promotional Costs (X2)	0,986	1,014
Sales (X3)	0,391	2,555

Source: Primary data processed from SPSS 23, 2023

From the results of this research, it can be seen that there is no multicollinearity problem in this research data. This is shown by all variables with a VIF value < 10 and supported by a Tolerance Value > 0.10.

3.1.4. Autocorrelation Test

The results of the autocorrelation test with the Durbin-Watson test appear in the table 4 below.

Tabel 4. Result of Multycollinearity Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.271[a]	.073	.035	11986.587	1.852
a. Predictors: (Constant), Sales, Promotional Cost, Production Cost					
b. Dependent Variable: Profit					

Source: Primary data processed from SPSS 23, 2023

Based on the results of this test, it shows that the Durbin-Watson value is 1,852. with n (number of data) = 76 and k (number of independent variables) = 3, the dL value is 1.5467 and the dU value is 1.7104. It can be seen from the Durbin-Watson table at a significance of 0.05, so it can be concluded that there is no autocorrelation. Because the Durbin-Watson value (1.852) lies between the dU value (1.7104) and 4 – dU (2.2896).

3.1.5. Multiple Linear Regression Analysis

Multiple linear regression is a data analysis technique to determine the effect between the independent variable (X) and the variable (Y).
Variable X consists of production costs, promotion and sales costs. Using the SPSS 23 computer program, the regression coefficients obtained from the data processing results are:

Table 5 Results of Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20255.249	586.690		34.525	.000
	Production Cost	.014	.002	.530	6.321	.000
	Promotional Cost	.005	.002	.160	3.028	.003
	Sales	.007	.001	.407	4.844	.000
a. Dependent Variable: Y1						

Source: Primary data processed from SPSS 23, 2023

From the equation above, it can be interpreted as follows:

a. The constant is 20,255.249, meaning that if the variable value of production costs, promotion costs and sales is zero then the value of the profit variable is 20,255.249.
b. The coefficient b1 is 0.014 and is positive, this shows that for every 1 unit increase in production costs, profits increase by 0.014 units.
c. The b2 coefficient is 0.005, which is positive, this shows that for every 1 unit increase in promotional costs, profits increase by 0.005 units.
d. The coefficient b3 = 0.007 is positive, this shows that for every 1 unit increase in sales, profits increase by 0.007 units.

3.1.6. F test (Model Feasibility test)

This test is used to test the feasibility of the regression model and the magnitude of the influence of the independent variables together on the dependent variable and to determine whether the regression model is feasible or not. The F test results appear in table 6 below.

Table 6. F Test Results (Model Feasibility Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	818473027.384	3	272824342.461	96.880	.000[b]
	Residual	202758765.969	72	2816093.972		
	Total	1021231793.353	75			

a. Dependent Variable: Y1

b. Predictors: (Constant), Sales, Promotional Cost, Production Cost

Source: Primary data processed from SPSS 23, 2023

Based on the results of the F test, it is known that the significant value of F is 0.000 < 0.05 and the calculated F value is 96.880 > F table = F (k ; n - k) = (3 ; 76-2) = (3 ; 74) = 2.73, so it can be concluded that this F test is accepted. The variables production costs (X1), promotion costs (X2) and sales (X3) have a joint effect on the profit variable (Y), thus this research model is suitable for use.

3.1.7. t Test

The t test results are presented in table 7 below

Table 7. t Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20255.249	586.690		34.525	.000
	Production Cost	.014	.002	.530	6.321	.000
	Promotional Cost	.005	.002	.160	3.028	.003
	Sales	.007	.001	.407	4.844	.000

a. Dependent Variable: Y1

Source: Primary data processed from SPSS 23, 2023

a. The production cost variable is known to have a statistical test value of t count of 6.321 > t table value of 1.99346 and a significance value of 0.000 < 0.05 (α). This means that the production cost variable has a significant effect on profits.
b. The promotional cost variable is known to have a statistical test value of t count of 3.028 > t table value of 1.99346 and a significance value of 0.003 < 0.05 (α). This means that variable promotional costs have a significant influence on profits.
c. The sales variable is known to have a statistical test value of tcount of 4.844 > ttable value of 1.99346 and a significance value of 0.000 < 0.05 (α). This means that the sales variable has a significant influence on profits.

3.1.8. Coefficient of Determination Test (R2)

Ghozali, (2018) explains how the suitability of the regression model is evaluated using the coefficient of determination. The coefficient of determination value ranges from 0 (zero) to 1 (one) (0 R2). This test will determine how much influence the independent variables (production costs, promotion costs and sales) have on profits.

Table 8. Coefficient of Determination Test (R^2)

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.895[a]	.801	.793	1678.122

a. Predictors: (Constant), Production Cost, Promotional Cost, Sales
b. Dependent Variable: Y1

From table 8 Adjusted R Square is 0.793. This figure identifies that 79.3% of the profit variable can be explained by the variables of production costs, promotion costs, sales. Meanwhile, the remaining 20.7% is explained by other factors not included in this study.

3.2. Discussion

3.2.1 The Effect of Production Costs, Promotion Costs, and Sales Simultaneously on Company Profits

The results of this research show that simultaneously production costs, costs promotions and sales have a positive and significant effect on company profits. It can be seen from the results of the F test that the significant value for variables X1, X2 and
= F (k ; n - k) = (3 ; 76-2) = (3 ; 74) = 2.73, so it can be concluded that the results of this F test are accepted, which means the model in this study is suitable for use

3.2.2 The Effect of Variable Production Costs on Profit

The results of this research show that the production cost variable (X1) has a significant influence on profits, with a t value of 6.321 > t table value of 1.99346 with a significance value of 0.000 which is smaller than $\alpha = 0.05$. With increasing costs production, it has an impact on increasing the number of products produced. Increasing production quantities can increase sales. The increase in sales has an impact on increasing company profits.

This research is supported by research by Ade Elia and Susi Handyani (2021) which states that production costs significantly influence profits. These results agree with Felicia and Robinhot Gultom (2018) who say that the higher the production costs, the higher the product produced, which can generate profits to support the company's profit level. Production costs have an influence on company profits in line with research by IMA Yuda & IKPW Sanjaya (2020). And it is also in line with the research results of Elvira Rosa (2020) that production costs have a significant effect on company profits. However, this is not in line with research by Ika Noviani and Hendra Tipa (2019) that production costs do not have a significant effect on company profits.

3.2.3 The Effect of Promotional Costs on Profit

The results of this research state that the promotional cost variable (X2) has a t value of 3.028 > t

table value of 1.99346 with a significance value of 0.003 which is smaller than α = 0.05. This means that promotional costs (X2) have a significant influence on profits. Promotional costs can provide a positive impetus for increasing sales, which is ultimately expected to increase profits. Promotion is one of the determinants of the success of company programs. This is because if the product has good quality and price, if customers don't know about it due to lack of promotional activities, then the product will not be successfully marketed.

These results are in line with research by Filicia and Robinhot Gultom (2018) which states that the research results show that promotional costs have a significant effect on net profit. And in line with research by IMA Yuda and IKPW Sanjaya (2020), the results of which show that company profits are influenced by promotional costs. And in line with the research results of Firman Riansyah (2017) that promotional costs have a significant effect on net profit. However, this is contrary to the research of Ika Noviani and Handra Tipa (2019), whose research results state that promotional costs do not significantly influence company profits.

3.2.4 The Effect of Sales on Company Profits

The results of this research state that the sales variable (X3) has a tcount value of 4.844 > ttable value of 1.99346 and a significance value of 0.000 which is greater than α = 0.05. This means that sales (X3) have a significant influence on profits. If sales increase in a company, the company's profits will also increase.

The results of this research are in line with the research results of Ika Noviani and Handra Tipa (2019) which state that company profits are greatly influenced by sales volume. And in line with the results of research carried out by IMA Yuda and IKPW Sanjaya (2020) that sales volume has a significant effect on profits.

4. Conclusions And Recommendations

4.1. Conclusions

The results of this research can be concluded as follows:

1. Production costs have a significant effect on company profits in food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2018-2021 period. This can be seen from the results of the tcount value of 6.321 > ttable 1.99346 with a significance of 0.000 < 0.05. So it can be concluded that H1 is accepted.
2. Promotion costs have a significant effect on company profits in food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2018-2021 period. This can be seen from the results of the tcount value of 3.028 > ttable 1.99346 with a significance of 0.003 < 0.05. So it can be concluded that H2 in accept.
3. Sales have a significant effect on company profits in food and beverage sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the period 2018-2021. This can be seen from the results of the tcount value of 4.844 > ttable 1.99346 with a significance of 0.000 < 0.05. So it can be concluded that H3 is accepted.

4.2. Recommendations

Suggestions that researchers provide include:

1. Companies should pay attention to increases in production costs in an effort to increase company sales to the maximum. Because production and sales costs greatly influence the company's earnings.
2. Future researchers are expected to be able to use other independent variables that can

influence company profits. Considering that in this research there are only three (3) variables, namely production costs, promotion costs, and sales.

3. For future researchers, it is best to increase the research period or year, not just the 2018-2021 period.

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