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The Determinants of Net Profit in Manufacturing Companies: Does Marketing and Production Costs Matter?

Irmawati [1], Nurul Mazidah[2], Dina Alafi Hidayatin[3]
[1, 2, 3]*Sekolah Tinggi Ilmu Ekonomi Cendekia, Bojonegoro, Indonesia*

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Corresponding Author:
dinacolourfull@gmail.com

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A B S T R A C T

Net profit is one of the leading indicators in investment decision-making. Companies that have a high net profit value are believed to provide prosperity for investors. A company's net profit is obtained from revenue minus costs. The most significant cost components in the food and beverage sector industry profit and loss report are marketing costs and production costs. Thus, these two costs need to be managed well in order to support maximum net profit. This research aims to find out how marketing costs and production costs influence increasing profits in Food and beverage subsector Manufacturing Companies Listed on the Indonesia Stock Exchange. This research used 64 data samples. The results of this research analysis state that marketing costs can have a positive influence on the company's net profit. Likewise, production costs have been proven to have a positive influence on the company's net profit. It is hoped that the results of this research can provide consideration for decision-makers, such as managers and investors, that marketing costs and production costs that can be managed well can contribute to increasing the company's net profit

INTRODUCTION

The food and beverage sector is one of the industrial sectors that plays a large role in the Indonesian economy (Annisa, 2024; Harianto & Yunianto, 2024; Sari, 2022). The existence of this industry not only plays a role in meeting food needs, but also contributes to job creation and state tax revenues. Many things are behind the rapid development of the food and beverage industry, including increasing population, increasing personal income, changes in people's lifestyles, changes in people's consumption patterns, and many more. With Indonesia's population reaching more than 280 million people, there is a large market opportunity for the food and beverage industry sector. Moreover, one of the programs launched by the elected presidential candidate pair is providing free lunches for school age residents, opening up more opportunities for the development of this industrial sector. Thus, the food and beverage industry sector has become one of the most attractive sectors for investors.

Based on data obtained from the Ministry of Finance, from 2020 to 2021, the food and beverage industry in Indonesia increased by 2.54% or IDR 775.1 trillion. Moreover, the Central Statistics Agency reports gross domestic income (GDP) for the food and beverage industry based on current prices (ADHB) of IDR 1.12 quadrillion (Sari, 2022). Furthermore, data from the Ministry of Industry and Trade states that in 2023 the food and beverage sector industry is believed to be able to contribute 39.10% to the non-oil and gas in-

dustry's gross domestic income (GDP) and 6.55% to national GDP. This sector is able to record a positive trade balance of 25.21 billion US dollars in 2023. Apart from that, investment in the food and beverage industry sector also continues to experience growth with investment realization reaching IDR 85.10 trillion in 2023 (Harianto & Yunianto, 2024).

The success of the food and beverage sector industry cannot be separated from good management strategies. Companies should not only consider investor satisfaction but also pay attention to customer satisfaction. Investors act as capital supporters that companies really need to maintain their business (Rohma, 2023). Investors' interests can be met through company performance, which is reflected in profits (Rohma & Khoirunnisa, 2024). The profits generated by the company can provide prosperity for shareholders (Adityaningrum et al., 2024; Firdarini, 2023). Thus, companies have a need to report their performance through financial reports (Rohma & Anita, 2024). Through the signal theory developed by (Spence, 1973), it is explained that company managers are internal parties who have information about the company's operational activities, while investors are external parties who need this information for decision making. Internal parties have a need to publish their financial reports to external parties as a form of accountability. Companies that report increasing profits through their financial reports reflect good performance so that investors can accept it as a positive signal. On the other hand, companies that report a decrease in profits through their financial reports reflect poor performance, so it is received by investors as a negative signal.

Customers are the parties who use the company's products, whose role is to contribute to the company's revenue. Customer satisfaction can be realized from the products produced and the services provided. To maintain customer loyalty, companies must strive to adapt to market demand through innovation and business development. Innovation and business development can be carried out in various ways, but many companies choose product and marketing innovation to strengthen their position (Bahrena et al., 2018; Muhammad Agung & Hendra, 2023). Strategies that can be used to win over consumers are apart from the products being sold, as well as how the product is easy to obtain and reaches a wide market (Putri & Arif, 2023). Through marketing activities, companies can interact with the public, introduce products and/or services, make offers, and obtain purchase orders. The marketing process in a company can improve business development and growth well. In this way, the company is able to compete and compete with other companies and is able to resolve all forms of challenges so that it can dominate market share (Sutrismi & Anggraini, 2023). Apart from that, it is important for companies to adapt the products they sell to market tastes. Moreover, the food and beverage sector has consumers who are sensitive to product quality. The quality of food and beverage products is usually related to taste, portion, ingredient content, and cleanliness/hygiene. This quality development innovation can be used as a strategy that can be implemented to get more customers (Suharya et al., 2021)

Marketing development and product innovation activities require costs. Marketing costs and production costs incurred by the company will affect profit generation. Company profits are obtained from revenue minus costs incurred to support operational activities. Cost components that require more attention include marketing costs and production costs, because these costs have an impact on sales levels and operational efficiency (Sandopart et al., 2023). Marketing activities themselves are related to company revenue (Putri & Arif, 2023). The effectiveness of marketing costs can determine a company's success in attracting and retaining customers, thereby having an impact on increasing revenue (Yuda & Sanjaya, Wirya, 2020). Likewise with production costs, these are costs incurred to process raw materials into finished products that are ready to be sold (Mulyadi, 2018). Consideration of appropriate allocation of production costs can of course be a company strategy to increase companies net profits (Hamzah & Sula, 2023; Warits & Sadikin, 2023).

The statement conveyed contradicts the theory regarding the definition of profit. Where (Warren et al., 2018) defines profit as the difference between the income received from customers for purchasing products minus the costs incurred by the company while providing the product. Based on this definition, it can be interpreted that the greater the costs incurred by the company will reduce the company's net profit. Apart from that, the results of research in the field also concluded different conditions. As research conducted by (Suharya et al., 2021) concluded that production costs and marketing costs influence net profit. The same is true of the conclusions from research conducted by (Simanjuntak et al., 2019). Likewise, research conducted by (Miranda, 2021) concluded that production costs and marketing costs have an effect on net profit. This result is different from research conducted by (Januarsah et al., 2019) which concluded that production

costs and marketing costs have no effect on company profits. Likewise, research conducted by (Warits & Sadikin, 2023) states that production costs and promotional costs have no effect on profit growth.

The position of marketing costs and production costs in the profit calculation components makes it important to carry out a deeper discussion. The differences between theory and researchers' opinions as well as the inconsistent results of research in the field are reasons why further research is needed. This background is what prompted the author to feel interested in conducting similar research with the title "The Influence of Marketing Costs and Production Costs on the Net Profit of Food & Beverage Subsector Manufacturing Companies Listed on the Indonesian Stock Exchange in 2020-2023". This research is a replication study of previous research. The difference between this research and previous research is in the financial reporting period which is the research sample data. Where researchers took data in the form of financial reports for the 2020-2023 period. The period chosen is the most recent year so it is hoped that it will provide results that are up to date with current conditions. It is hoped that the results of this research can become a reference for company management in managing production costs and marketing costs in order to maximize the company's net profit.

LITERATURE REVIEW

Signaling Theory

The signal theory based on the phenomenon of information asymmetry, where internal companies have more information about the company's operations and prospects compared to external parties (Spence, 1973). This theory explains that the company's internal parties provide signals to investors in the form of information that describes the company's condition and future prospects. Signals can be financial or non-financial information that shows that the company is better than other companies. Complete, relevant, accurate and timely information is very important for investors in making investment decisions. Companies provide these signals to reduce information asymmetry and increase transparency, which in turn can influence investment decisions. Signal theory also helps explain why companies have an incentive to provide financial report information to external parties, such as investors and creditors.

In this research, signal theory is used to explain the influence of marketing costs and production costs on company's net profit. Where an increase or decrease in a company's net profit can be a signal for investors in making decisions. Net profit is financial information issued by internal parties to external parties which is considered capable of providing an overview of the company's condition and future prospects. An increase in a company's net profit illustrates that the company is experiencing good performance and can provide good future prospects. Thus, this can act as a positive signal for investors to invest their funds. On the other hand, a company's net profit that is decreasing indicates that the company is performing poorly, so that its future prospects are also not good. Thus this is defined as a negative signal by investors which is not a good time to decide to invest.

Marketing costs include all costs incurred when the product is finished and stored in the warehouse until the product is converted back into cash products (Mulyadi, 2018). In general, what is classified as marketing costs are: a) Costs for obtaining orders (order-getting costs), namely all costs incurred in an effort to obtain orders. b) Order-filling costs, namely all costs incurred to ensure the product reaches the buyer and costs to collect money from the buyer. In addition, production costs are a very important component in presenting an income statement. Production costs are created to find out what costs are incurred in carrying out a production (Mulyadi, 2018). The production costs incurred to produce an item are expected to obtain sales or profits in accordance with the costs that have been sacrificed so that the company does not experience a decline or loss so that the production costs incurred are expected to be as efficient as possible (Miranda, 2021).

Net profit is defined as the excess of income over costs or the excess difference between income over expenses in a certain period (Mulyadi, 2018). Every company has a goal to maximize its profits. This goal can be achieved by knowing the factors that influence it. Factors that can influence an increase or decrease in net profit include changes in selling prices, changes in sales volume and changes in costs incurred. Cost changes are the main factor that determines a company's net profit, so cost management is important to consider. This cost management includes all costs incurred during the production process to sales (Annisa, 2024). Net profit is still an interesting topic to research. This is because the company's net profit is still considered an indicator in making investment decisions. As stated by (Miranda, 2021) that management performance is reflected in the net profit obtained and will later influence the survival of the company. Usually

some of the company's profits are distributed to investors in the form of dividends and the other part is managed by management to support operational activities. Companies that have a high net profit value are considered to be able to give confidence to the public in their performance. The higher the net profit obtained, it means that the company can freely develop the company, so that the company's performance improves even more. Apart from that, companies that succeed in getting high net profits are considered capable of providing prosperity for share owners, because the higher the net profit obtained means the company can distribute high dividends to investors.

Hypotheses Development

Good marketing activities are believed to be able to influence sales levels (Ginanjar, 2020). However, on the other hand, marketing activities tend to consume a lot of costs which in the end actually have an impact on the company's profits. Thus, management should have a good strategy, so that the marketing activities carried out can have the potential to increase sales, so that the marketing costs incurred can make a positive contribution to increasing company profits (Nurawaliah et al., 2020). The higher the marketing costs incurred, the higher the income generated by the company, resulting in an increase in net profit (Suzan & R, 2020; Warits & Sadikin, 2023). Through this increase in net profit, the company can provide a positive signal to investors so that it can influence their investment decision making. On the other hand, the lower marketing costs incurred can result in decreased sales because the product is not known to the public, resulting in a decrease in net profit received. This condition will later be received by investors as a negative signal indicating investment delays. Meanwhile, previous research conducted by (Makalalag et al., 2023; Miranda, 2021; Simanjuntak et al., 2019; Suharya et al., 2021) found that marketing costs have a significant effect on net profit. Thus the first hypothesis in this study reads:

H1: Marketing costs have a positive effect on net profit

Production costs are costs incurred to process raw materials into finished products that are ready for sale (Mulyadi, 2018). Production costs are costs that must be incurred by manufacturing companies. These costs usually take up the largest percentage of the cost components in the income statement. As stated by (Suzan & R, 2020), most of the costs incurred by companies are production costs. Apart from that, production costs will form the cost of goods sold when the product is to be sold (Nurawaliah et al., 2020). Thus, the higher the production costs, the lower the company's profits. Similar to marketing costs, production costs require a special strategy to manage. If management does not consider it carefully, spending too much on production costs can reduce the company's profits. Furthermore, the company's reported profits can be a signal for investors. A decrease in profits will be received as a negative signal for investors so that investors will give up their intention to invest. On the other hand, high or increasing profits will be received as a positive signal by investors to immediately invest. Previous research conducted by (Makalalag et al., 2023; Simanjuntak et al., 2019; Suharya et al., 2021) found that production costs have an influence on net profit. Thus the second hypothesis in this research reads:

H2: Production costs have a negative effect on net profit

RESEARCH METHOD

The research used the quantitative method, and carrying out data analysis involved statistical calculations assisted by the SPSS software. The data analysis technique used is multiple linear regression because it functions to determine how much influence each independent variable has on the dependent variable as well as predict the value of the dependent variable based on the combination of the independent variables. This research used data in the form of financial reports of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2020 - 2023. Researchers use data in the form of financial reports of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2020 - 2023. This is adjusted to the conditions that occur, making the food and beverage sub-sector an attractive industry that is much sought after by consumers. The development of the food and beverage industry always increases from year to year, along with the increase in population. Food and drink consumption cannot be avoided, and it is always a priority for society because it is a basic need. This fact makes the food and beverage industry sub-sector a target for investors in the capital market. In addition, the financial reporting period used as a research data sample is 2020 - 2023. This is based on the most up to date period, so the research results will be able to represent current conditions.

Based on www.idx.co.id, a population of 29 companies was obtained. The sample in this study consisted of 16 consumer goods (food and beverage) manufacturing companies listed on the Indonesia Stock Exchange for the 2020-2023 period. The sampling technique in this research uses a nonprobability sampling technique because it requires certain considerations (Sugiyono, 2019). The following are the sampling criteria for this research are, companies that experience positive profits during the 2020-2023 period, companies that present complete data regarding the variables studied during the 2020-2023 period and companies that use the rupiah currency in their financial reports in Table 1. Based on data obtained from the Indonesian Stock Exchange website www.idx.co.id, total of 16 companies that successfully passed became the research sample. In accordance with the sample calculation results in table 2, 16 companies were found which are detailed in table 3.

Table 1. Operational Definition

Variables	Formula	Scale
Net Profit	Total income – total expenses	Rasio
Marketing Costs	Advertising costs + sales promotion costs	Rasio
Production Costs	Direct raw material costs + direct labor costs + factory overhead costs	Rasio

Sourch: Processed data, 2024

Table 2. Sample Determination

Information	2020	2021	2022	2023
All Consumer Goods (Food and Drink) Industry companies listed on the Indonesia Stock Exchange in the 2020-2023 period which have been listed for 4 consecutive years	29	29	29	29
Companies that experience losses in company profits for the 2020-2023 period	(6)	(6)	(6)	(6)
Companies that do not present complete data regarding the variables studied in the 2020-2023 period	(6)	(6)	(6)	(6)
Companies that use US Dollars in their financial reports	(1)	(1)	(1)	(1)
Number of company samples used	16	16	16	16
Sample data	64			

Sourch: Processed data, 2024

RESULT AND DISCUSSION

Descriptive statistics are carried out to provide an overview or description of data (Gozali, 2021). Table 4 below explains the descriptive statistical results. Table 4 above shows that the marketing cost variable has a minimum value of 143.33 and a maximum value of 2617.92. The average (mean) value of the marketing cost variable is 796.13 with a standard deviation of 569.46. Furthermore, the production cost variable has a minimum value of 489.84 and a maximum value of 5276.23. The average (mean) value of the production cost variable is 1597.11 with a standard deviation of 1134.43. Based on the research results, the net profit variable has a minimum value of 307.43 and a maximum value of 3468.31. Apart from that, the mean value is 1051.49 and the standard deviation value is 702.91. Based on table 4, the N value or number of variable data is 64. Based on the minimum and maximum values obtained, the company profits in this research sample are 143.33 to 2617.46. The standard deviation value for the variables marketing costs, production costs and net profit of the company has a value that is smaller than the mean value, so it shows homogeneous data. Next, before carrying out a hypothesis test, a classical assumption test is first carried out to provide assurance that the regression equation obtained is accurate in estimation, unbiased and consistent.

In this research, classical assumption tests were carried out including the normality test, multicollinearity test, het-eroscedasticity test and autocorrelation test. The normality test is carried out with the aim of testing whether in the regression model, the confounding or residual variables have a normal distribution.

In this study, the normality test was carried out using P-plots graphs. The figure 1 is the results of the data normality test in this study.

Table 4. Descriptive Statistic

Variables	Min	Max	Mean	Std Deviation
Marketing Costs	143.33	2617.92	796.46	569.46
Production Costs	48984	5276.23	1597.11	1134.43
Net Profit	307.43	3468.31	1051.49	702.91

Sourch: Processed data, 2024

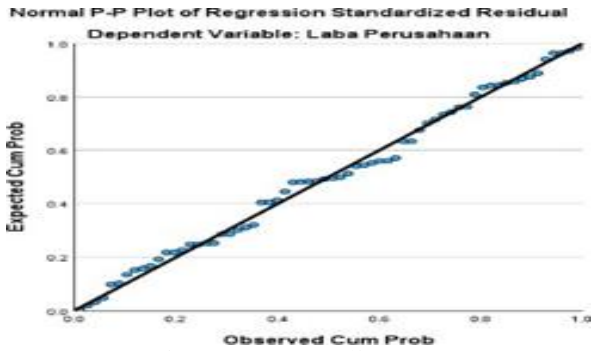

Figure 1. Normality Test
Sourch: Processed data, 2024

Table 5. Multicollinearity Test

Model	Collinearity Statistic	
	Tolerance	VIF
Marketing Costs to Net Profit	1.000	1.000
Production Costs to Net Profit	1.000	1.000
Marketing Costs and Production Costs to Net Profit	0.172	5.806

Sourch: Processed data, 2024

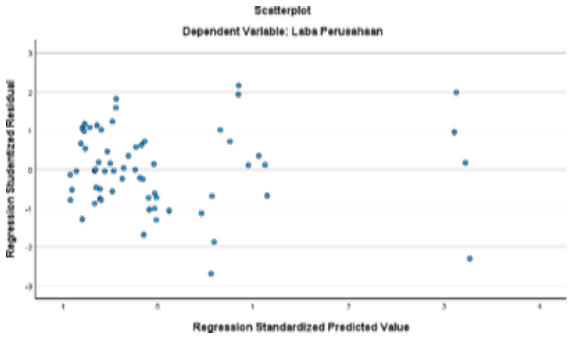

Figure 2. Heteroscedasticity Test
Sourch: Processed data, 2024

Table 6. Autocorrelation Test

Model	Autocorrelation
	Durbin - Watson
Marketing Costs to Net Profit	0.918
Production Costs to Net Profit	1.009
Marketing Costs and Production Costs to Net Profit	1.044

Sourch: Processed data, 2024

Table 7. Multiple Linear Regression

Variables	Unstandardized Coefficients	
	B	Std. Error
Constant	73.812	32.361
Marketing Costs to Company Net Profit	0.162	0.078
Production Costs to Company Net Profit	0.531	0.039

Sourch: Processed data, 2024

Table 8. Coefficient Determination

Adjusted R^2 Square
0.956

Sourch: Processed data, 2024

Table 9. F Test

Model	F hitung	F table	Sig
Regression	688.080	3,14	<.01

Sourch: Processed data, 2024

Table 10. T Test

Variables	Test		
	T table	T count	Sig
Marketing Costs to Net Profit	1.99962	2.064	.043
Production Costs to Net Profit	1.99962	5.806	<.01

Sourch: Processed data, 2024

The results of the autocorrelation test in this study are shown in Table. 6. Based on Figure 1 above, it shows that the residual data in the regression model used in this research has a normal distribution. This is proven by the data spreading around the diagonal line and following the direction of the diagonal line. The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should have no correlation between the independent variables. The following are the results of the multicollinearity test in this study Table 5. Based on table 5 above, it shows that in the three regression models there were no multi-collinearity problems, where all three models had tolerance values greater than 0.10. Apart from that, the VIF value for each model shows a number smaller than 10, meaning that there is no multicollinearity between the independent variables in the regression.

The heteroscedasticity test aims to test whether the regression model has unequal variance from residual one observation to another (Gozali, 2021). In this research, the heteroscedasticity test was carried out using a scatterplot graph, as shown in Table 5. Based on Figure 2 above, it can be seen that the points on the scattleplot graph are spread randomly and are spread both above and below the number 0 on the Y axis. This can be concluded that there is no heteroscedasticity problem in the regression model. Table 6 above shows that the Durbin Watson values in the three regression models show that there is no autocorrelation. This is proven by the Durbin Watson value obtained which is greater than 2 and smaller than +2 (-2 < DW < +2), so it can be concluded that there is no autocorrelation. Multiple linear regression analysis is an analytical method used to measure the strength of the relationship between two or more variables, and also shows the direction of the relationship between independent and dependent (Gozali, 2021). The results of the Multiple Linear Regression Analysis test from this research can be seen as follows in Table 7. The multiple linear regression equation that explains the influence of marketing costs on net profit in the consumer goods (food & beverage). From the linear regression equation above, it can be explained. The constant value or α from the linear regression equation is 73.525, which states that the independent variable is considered constant, so the average company profit is 73.525.

The marketing cost regression coefficient of 0,162 states that marketing costs influence any increase in marketing costs and other independent variables are assumed to be constant, predicted to increase company profits by 0.162. The production cost regression coefficient of 0,531 states that production costs influence any increase in production costs and other independent variables are assumed to be constant, predicted to increase company profits by 0,531. The coefficient of determination measures how far the model's ability is

to explain variations in the dependent variable (Gozali, 2021). The test results using the SPSS 29 program are presented in Table 8 the adjusted R2 square is 0,956. This shows that the ability of the independent variable or free variable marketing costs and production costs influences the dependent variable company profit by 0,956 or 95,6%. Meanwhile, the remaining 0,044 is the influence of other variables that were not carried out in this research. The F statistical test is carried out to determine whether all the independent variables included in the research model have a joint or simultaneous influence on the independent variable (Gozali, 2021).

The following are the F Test results from this research in Table 9 it is known that the influence of marketing costs, production costs simultaneously on the company's net profit with a calculated F value of 688.080 and an F table of 3.14 which shows that the calculated F value is greater than F table. Apart from that, the significance value of the SPSS results was <0.001, which means it is smaller than 0.05. Thus, it can be concluded that there is a simultaneous influence of marketing costs, production costs on company profits in the consumer goods (food & beverage) industry listed on the IDX in 2020-2023, so hypothesis 1 accepted. The t test is used to show how much influence an independent variable has on the dependent variable on the independent variable (Gozali, 2021). The constant criterion for decision making is if t count > t table and the significance level (α = 5%) < 0.05 then the independent variable partially influences the dependent variable. However, if t count < t table and the significance level (α = 5%) > 0.05 then the independent variable partially has no effect on the dependent variable.

Table 10 show the effect of marketing costs on the company's net profit is obtained by a calculated t value of 2.064 and a t table of 1.99962. This shows that the calculated t value is greater than the t table. Apart from that, the significance value of 0.043 indicates a figure smaller than 0.05. Thus, it can be concluded that hypothesis 1, which states that there is a significant influence between marketing costs to net profit in the consumer goods (food & beverage) industry listed on IDX in 2020 – 2023 can be accepted. The calculated t value of the marketing cost variable on the company's net profit is 17.452 > 1.99962 t table, which means that hypothesis 1 is partially accepted. This means that there is an influence between X1 (marketing costs) on company profit in the consumer goods (food & beverage) industry listed on the IDX in 2020-2023. The coefficient X1 shows a positive value, meaning that the influence of variable X1 on Y is unidirectional. This means that the higher the marketing costs incurred by the company, the higher the company's net profit generated. The X1 coefficient figure of 0.162 indicates that if there is an increase in the Y value of 1, it will result in an increase in the X1 value of 0.162. On the other hand, if there is a decrease in the Y value of 1, this will result in a decrease in the X1 value of 0.162.

Based on the table above, the research results show that the marketing cost variable has a positive influence on the company's net profit. Marketing activities aim to introduce products to consumers so that they are interested and interested in buying, so that in the end they can increase the number of sales. The more marketing activities carried out, the more marketing costs are incurred. Increased marketing costs can cause the number of sales to increase, so that the profits obtained by the company will also increase (Makalalag et al., 2023). This is in accordance with the definition of cost which is defined as the monetary value of goods or services issued to obtain future profits (Prawironegoro & Purwanti, 2009). Furthermore, increasing net profit can be received as a positive signal by investors, indicating that the company is in good condition so that it can influence investor decision making. Thus, the results of this research can be used by companies as a reference in terms of marketing budget allocation. An effective marketing strategy can have an impact on increasing profitability, so that marketing costs can be considered to be optimized as an effort to maximize the company's net profit. Companies can focus more on designing effective marketing strategies as an investment to increase the company's net profit. Marketing costs can be a signal to investors regarding the company's confidence in introducing its products to the public (Annisa, 2024). Investment in marketing activities can be seen as a company's commitment to growth and expansion. Through marketing activities, the company has high hopes that the products produced will be accepted by the majority of society, thus having an impact on increasing sales and the company's net profit. The results of this research are in line with research conducted by (Adha et al., 2020; Makalalag et al., 2023; Miranda, 2021; Simanjuntak et al., 2019; Yuda et al, 2020) which states that marketing costs have an effect positive for the company's net profit.

Based on table 10 above, the effect of production costs (X2) on the company's net profit (Y) is obtained by a calculated t value of 13.493 and a t table of 1.99962. This shows that the calculated t value is greater than the t table. Apart from that, the significance value is <0.001, which means that the value is smaller than

0.05. These results indicate that hypothesis 2 is partially accepted, which means there is a significant influence between production costs on net profit in the consumer goods (food & beverage) industry listed on the IDX in 2020-2023. The calculated t value is 36,102 > t table 1.99962, which means that hypothesis 2 is partially accepted. This shows that there is an influence on X2 (production costs) on Y (net profit) in the consumer goods (food & beverage) industry listed on the IDX in 2020-2023. Apart from that, the coefficient shows a positive number of 0.531, so it can illustrate that the influence of variable X2 on Y is unidirectional. This means that the higher production costs will result in an increase in the company's net profit. The production cost variable coefficient (X2) of 0.531 illustrates that if there is an increase in the Y value of 1, this will result in an increase in the X2 value of 0.531. On the other hand, if there is a decrease in the Y value of 1, this will result in a decrease in the X2 value of 0.531.

The research results show that there is an influence of production costs on a company's net profit. This could possibly occur because the higher the production costs incurred, the greater the cost of goods sold for the product. If the selling price of the product is fixed, the profit margin obtained will decrease. However, if the company is able to increase the selling price of the product, the profit margin obtained by the company can be maintained or even increased. Thus, companies must be able to manage production costs effectively and efficiently, because this can affect the increase or decrease in the company's net profit. Furthermore, if the company's net profit increases or decreases, it will be accepted as a good or bad signal as an illustration of the company's condition (Makalalag et al., 2023). Furthermore (Namora & Zulvia, 2023) argue that increasing production costs can influence an increase in the company's net profit because high production costs are considered capable of supporting an increase in sales or income, resulting in an increase in the company's net profit. High production costs can support the production process optimally which in the end can improve the quality of the products to be sold, thereby providing consumer satisfaction. The high production costs incurred by the company are an investment aimed at maximizing the production process, so that the resulting product is expected to have a high selling value. The better the quality of the product, the greater consumer satisfaction with the product, thereby generating continuous repeat purchases. Especially in the food and beverage sector, where product quality is reflected in the taste of the food and drinks sold. In line with the opinion expressed by (Siregar et al., 2023) that consumer goods companies always prioritize the quality and composition of raw materials for their products in order to build company trust with consumers. Consumer satisfaction can ultimately encourage an increase in sales, so that company profits can increase. From a signal theory perspective, increased profits obtained from increased sales can provide a positive signal for investors to invest their funds in the company. The results of this research are in line with research conducted by (Makalalag et al., 2023; Muslim, 2020; Pinkan Kezia & Endang Wulandari, 2024; Puspita et al., 2022; Simanjuntak et al., 2019; Siregar et al., 2023; Suharya et al., 2021) which states that production costs have been proven to be able to influence company profits.

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

The marketing costs have a positive effect on net profit, also production costs have a positive effect on net profit. The costs sacrificed by the company constitute monetary value which will ultimately generate profits in the future (Prawironegoro & Purwanti, 2009). It is hoped that the results of this research can be a reference for companies in managing marketing costs and production costs. The costs incurred by the company in marketing and production activities can contribute to increasing the company's net profit. Companies are expected to consider spending these two costs to achieve the company's goal of maximizing profits. Companies can focus on developing effective marketing strategies and production innovations to attract consumer interest. This study only used 16 sample company data from the food and beverage sub sector of manufacturing companies listed on the Indonesia Stock Exchange. Thus, in future research it would be better to use a larger number of company samples so that they are able to represent different conditions. Future research can also use samples from different company sectors to determine the consistency of research results. Apart from that, this research only uses two independent variables and one dependent variable. In further research, it is recommended to add other variables such as shipping costs or distribution costs and sales volume.

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