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ANALYSIS OF FINANCIAL PERFORMANCE REVIEWED FROM COSTS AND REVENUES IN FOOD AND BEVERAGE COMPANIES IN INDONESIA

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Abstract

When a firm can maintain a high level of financial performance, it is considered successful. Revenue and operational expenditures are two examples of the variables that might affect financial success. This research aims to investigate the impact of revenue and operating expenses on the financial performance of manufacturing firms in the food and beverage subsector that are listed on the Indonesia Stock Exchange between 2021 and 2023, both separately (partially) and jointly (simultaneously). The study used a sample of 35 businesses that were chosen from a total of 48 businesses in the food and beverage production subsector that were listed on the IDX during the given time frame. Purposive sampling is the sampling method used. Using a quantitative methodology, this study draws secondary data from the firms' three-year annual financial reports. Multiple linear regression, the coefficient of determination (R2), and hypothesis testing were used in the data analysis. The following equation was the result of the regression analysis: Y. = 9.189 – 0.163X_1 + 0.252X_2 + e. With a t-calculated value of -1.403, below the t-table value of -1.989, and a significance level of 0.164 (higher than 0.05), the t-test findings showed that operational costs had no discernible impact on financial performance. The initial hypothesis (H1) was therefore disproved. On the other hand, the second hypothesis (H2) was accepted since revenue had a substantial effect on financial performance, with a t-calculated value of 2.052 above the t-table value of 1.989 and a significance threshold of 0.043 (less than 0.05). An F-calculated value of 2.562, which is less than the F-table value of 3.108, and a significance level of 0.083 (higher than 0.05) demonstrated that operational expenses and revenue do not significantly impact financial performance when taken into account combined. The third hypothesis (H3) was thus also disproved. Additionally, it was shown that operational expenses and income only account for 5.9% of the variance in financial performance, with a coefficient of determination (R2) of 0.059. This implies that there is little correlation between the independent and dependent variables. Other variables outside the purview of this study, including debt, liquidity, leverage, activity ratios, and firm size, affect the remaining 94.1%.

Keywords: Operating Costs, Revenue, Financial Performance

Introduction

The economic circumstances that arose in 2020 transitioned into the age of modern globalization, resulting in increased competition in the business sector for market share control. This competitive landscape compels companies to enhance their efforts to keep pace with evolving trends, allowing them to meet their organizational objectives. A company's success is marked by its ability to generate sustainable profits. The profitability of a business is influenced by several elements, including revenue, expenses, and sales volume. A business is considered successful if it can sustain its performance over time.

Enhancing a company's financial performance can lead to increased profits in the future. Financial performance involves an analysis over a specific timeframe to provide a snapshot of the company's condition by adhering to financial implementation standards correctly and effectively. Evaluating a company's financial performance can assist in understanding the efficiency and effectiveness of its management operations in reaching its objectives, as well as gauging profit levels by comparing current earnings to those of previous periods.

To enhance the company's profitability, it is crucial for businesses to focus on managing their costs. Costs are a vital component that must be managed effectively for the company to function efficiently and achieve its primary objective, which is to generate profits. Operational aspects encompass the infrastructure, equipment, processes, and procedures that enable the production and delivery of products or services in a manner that allows for a profitable operation (Desy Desky, Marliah, 2022). Therefore, it can be stated that operational costs pertain to the expenses associated with the daily functions of the company. Any fluctuations in operational costs can hinder the company's ability to attain optimal profits, leading to a decline in its financial performance.

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Beyond operational costs, revenue also plays a significant role in influencing financial performance. Revenue refers to the inflow or other increases in a business entity's assets or the reduction of its liabilities (or a combination of both) during a given period, resulting from the sale or production of goods, provision of services, or other main business activities (Desy Desky, Marliah, 2022). To generate revenue, the company must incur costs related to its operational activities. The link between revenue and financial performance is critical, as financial performance evaluates how well the revenue is performing, distinguishing between favorable and unfavorable income.

Manufacturing companies play a vital role in driving Indonesia's economic growth, largely due to increasing consumer purchasing power and the rising demand for consumer goods. The expansion of the manufacturing sector is reflected in the growing number of companies listed on the Indonesia Stock Exchange, particularly within the food and beverage industry. This sector is engaged in processing raw materials into semi finished or finished products ready for mass distribution. Given that food and beverage products are essential daily needs, they consistently experience high demand, making this sector a significant contributor to the overall growth of the manufacturing industry in Indonesia.

This study aims to examine the impact of Operating Costs and Revenue on the Financial Performance of companies. The results are expected to offer meaningful insights for the investment community—especially investors and corporate stakeholders by highlighting how financial performance can serve as an indicator of income quality.

According to earlier research by Desy desky and Marliah, (2022) it was found that, first, operational costs negatively impact financial performance, indicating that companies with rising sales and administrative expenses may encounter cost overruns that elevate operational costs. Second, revenue positively influences financial performance, meaning that companies with higher revenues tend to achieve greater profits. Meanwhile, research conducted by Yunita and Ramadhan, (2023) indicated that operational costs have a positive and significant impact, whereas revenue negatively influences the financial performance of PT. People's Economic Capital (PER).

Method

This study uses a quantitative correlational research approach, which uses numerical data to investigate the relationship between two or more variables. The author gathered financial information from businesses, particularly the income and financial position statements for the years 2021–2023 in order to conduct this study. The Indonesia Stock Exchange's (IDX) official website, www.idx.co.id, is where these audited financial reports were found. Purposive sampling, a non-probability sampling strategy, was employed as the data collecting method. In this methodology, samples are chosen according to predetermined criteria to guarantee appropriateness and relevance. Several statistical procedures, such as the coefficient of determination (R2) test, multiple linear regression analysis, classical assumption tests, and hypothesis testing, were used to examine the data. Operating costs (X1) and revenue (X2) are the independent variables in this study, while financial performance (Y) is the dependent variable.

Results and Discussion

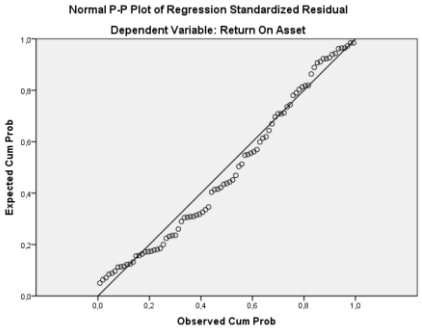
Classic Assumption Test

Based on the gathered data, an analysis is performed to meet the needs of the research. For this analysis, the moderated regression technique was utilized to conduct statistical calculations using Statistical Software. The classical assumption tests are essential in multiple linear regression analysis and consist of assessments for normality, multicollinearity, heteroscedasticity, and autocorrelation.

1. **Normality Test**

   The normality test aims to assess how closely the distributions of the independent and dependent variables in regression models conform to normality. When the distribution points cluster around a diagonal line, it indicates a normal distribution pattern. Below are the outcomes of the normality test as illustrated by the P-PLOT graph:

Chart 1
Normality Test Results



Source: Data processed with SPSS Version 19

The curve above indicates that the residual data is normally distributed since the independent variable points, operating costs and revenue, are dispersed around the diagonal line and follow its trajectory. Thus, it is possible to conclude that the independent data passes the normalcy test.

2. Multicolonality Test

The purpose of the multicollinearity test is to determine if the independent variables in the regression analysis—operating costs (X1) and revenue (X2)—correlate. A multicollinearity issue would be suggested by the existence of such a connection. The tolerance value must be more than 0.1 and the variance inflation factor (VIF) must be less than 10 in order to verify the lack of multicollinearity. The following are the findings of this study's multicollinearity test:

Table 1
Multicolonarity Test Results
Coefficient

Type		Collinearity Statistics	
		Tolerance	VIVID
1	Operating Costs (X_1)	,202	4,944
	Revenue (X_2)	,202	4,944

a. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

Operational Costs and Revenue had identical VIF values of 4.944 and Tolerance values of 0.202, respectively, according to the multicollinearity test table findings. Since the tolerance value of 0.202 is more than 0.1 and the VIF value of 4.944 is less than 10, we may infer that there is no problem with multicollinearity among the independent variables.

3. Heteroskedaticity Test

The heteroscedasticity test is a statistical examination conducted to determine if there are differences in variance and residuals between different observations in a regression model. One method of identifying the presence or absence of heteroscedasticity can be observed in the outcomes of the Scatter Plot graph as shown below:

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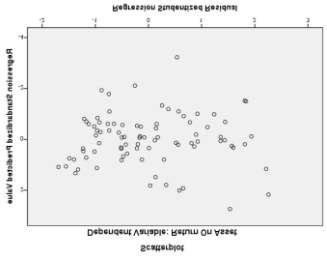
Chart 2
Heterokedasticity Test Results



Source : data in SPSS 19 processing

Analyzing chart 2 above, it indicates that the distribution of points that occur randomly lacks a specific pattern, and the values are situated both above and below 0 on the Y axis. Therefore, it can be inferred that the research data regarding the independent variables does not exhibit signs of heteroskedasticity.

4. Autocorrelation Test

To determine if the residual errors in a linear regression model at time t are linked with errors from the prior time period, t-1, the autocorrelation test is used. The Durbin-Watson (D-W) statistic is used to assess autocorrelation, and this test aids in determining its presence. A D-W score in the range of -2 to +2 indicates the absence of autocorrelation. The autocorrelation test was conducted using SPSS version 19, and the following are the findings:

Table 2
Autocorrelation Test Results
Model Summary[b]

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,243a	,059	,036	7,331205	1,144

a. Predictors: (Constant), Revenue, Operating Costs
b. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

With a data count (n) of 85, the Durbin-Watson statistic is 1.144, as shown in table 2 above. We may then infer that there is no autocorrelation in the regression as the Durbin-Watson value falls between -2 and 2. model.

Multiple Linear Regression Test

The purpose of this research is to ascertain if operating costs (X1) and revenue (X2), in particular, are independent variables. have an impact on Financial Performance, the dependent variable. (Y). Regression analysis evaluates the direction of the link between the dependent and independent variables in addition to the degree of the association between two or more variables. The following are the findings of the multiple linear regression analysis that was done for this investigation.:

Table 3
Multiple Linear Regression Test Results
Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,189	1,030		8,920	,000
	Operating Costs (X_1)	-,163	,116	-,334	-1,403	,164
	Revenue (X_2)	,252	,123	,489	2,052	,043

a. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

The following is an interpretation of the above linear regression equation's results:

1. a = 9,189
   The steady value of 9.189 indicates that when the independent variables of Operating Costs and Revenue are held constant or set to zero (0), Financial Performance is already present at 9.189 or 918.9%
2. b1 = -0.163
   The Operating Cost coefficient (X1) of -0.163 suggests that a 1% rise in operating costs (X1), assuming Revenue (X2) remains constant or at Zero (0), will result in a decline in Financial Performance (Y) by 0.163 or 16.3%
3. b2 = 0.252
   The Revenue coefficient (X2) value of 0.252 suggests that a 1% increase in Revenue (X2), while keeping Operating Expenses (X1) constant or at zero, will result in a 0.252 increase in Financial Performance (Y), or 25.2%

Determination Test / R^2

The degree to which the regression model explains the variance in the dependent variable is assessed using the coefficient of determination. Higher values indicate a larger effect of the independent variable (X) on the dependent variable (Y). The adjusted R2 value is a number between zero and one. On the other hand, a lower or almost zero adjusted R2 indicates that the independent variable has little to no influence on the dependent variable. Please refer to the table below for further information:

Table 4
Determination Test Results or R Square R^2
Model Summary[b]

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,243a	,059	,036	7,331205

a. Predictors: (Constant), Revenue, Operating Costs
b. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

Based on the author's determination test findings for the summary model, the R2 value is 0.059, which indicates that the poor link between operating costs and revenue accounts for just 5.9% of the variation in financial performance. Other factors that were not examined in this study, including debt, liquidity, leverage, activity ratios, firm size, and other variables outside the purview of this investigation, have an impact on the remaining 94.1%.

Hypothesis Test

This hypothesis seeks to establish whether or not independent factors significantly impact dependent factors.

1. The Effect of Operating Costs on Financial Performance

To assess each independent variable's partial influence on the dependent variable, the t-test was used. Statistical software was used in this study to perform the t-test, and the table below displays the output of the multiple linear regression:

Table 5
Partial Test Results (t-test)
Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,189	1,030		8,920	,000
	Operating Costs (X_1)	-,163	,116	-,334	-1,403	,164

a. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

According to the data, between 2021 and 2023, operating costs had no discernible effect on the financial performance of food and beverage firms listed on the Indonesia Stock Exchange. Consequently, the first hypothesis (H1) in this study has been rejected, indicating that Operational Costs do not contribute to affecting Financial Performance. This is supported by the findings in table 4.44, where it can be observed

that tcount -1.403 is less than 1.989 from ttable, with a significance level of 0.164, which exceeds 0.05. Therefore, we can conclude that Operating Expenses do not significantly impact Financial Performance. These findings align with previous research conducted by Dewi & Kusuma, (2019) which also found that Operating Expenses did not affect Financial Performance. This indicates that higher costs result in a larger decrease in the company's assets, especially in the cash account. Conversely, operating expenses that fall below the target will lead to a smaller reduction in assets, and lower operating expenses will have a minor impact on the company's revenue, thereby increasing profits. Variations in Operating Costs do not influence the Return On Assets (ROA) value when the company's total assets are substantial, and the increase in profit remains insignificant.

2. The Effect of Income on Financial Performance

A t-test was conducted to assess how the independent variable affects the partially bound variable. In this research, the t-test was executed using a statistical software program, as illustrated in the results of the multiple linear output shown in the table below:

Table 5
Partial Test Results (t-test)
Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,189	1,030		8,920	,000
	Revenue (X_2)	,252	,123	,489	2,052	,043

a. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

According to the study, the financial performance of food and beverage firms listed on the Indonesia Stock Exchange between 2021 and 2023 is significantly impacted by income. As a result, the second hypothesis (H2) is validated, indicating that financial performance is influenced by income. This is demonstrated by a significance level of 0.043, which is below the 0.05 cutoff, and a t-calculated value of 2.052, which is more than the t-table value of 1.989. These findings suggest that revenue has a favorable impact on financial performance. This finding is consistent with the research by Desy Desky, Marliah, (2022) who also found that Revenue impacts Financial Performance. In essence, higher revenues combined with lower operating costs contribute to greater profits, which in turn improve financial metrics such as the Return on Assets (ROA) ratio and overall revenue efficiency. However, it is important to note that profits do not always guarantee optimal financial performance, as they can fluctuate and sometimes remain low. Nonetheless, a company's revenue plays a crucial role in determining its financial performance, particularly in relation to the ROA ratio.

3. The Impact of Operating Costs and Revenue on FinancialPerformance

The overall impact of the independent factors on the dependent variable is assessed using the F test. The table below provides specifics of the F test results:

Table 6
Simultaneous Test Results (F Test)
ANOVAb

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	275,446	2	137,723	2,562	.083a
	Residual	4407,218	82	53,747		
	Total	4682,664	84			

a. Predictors: (Constant), Revenue, Operating Costs
b. Dependent Variable: Return On Asset
Source: Data processed with SPSS Version 19

The analysis's findings showed that, for the years 2021–2023, operating costs and revenue had little impact on the financial performance of food and beverage firms listed on the Indonesia Stock Exchange. As a result, this study's third hypothesis (H3) was declared to be false. The significance value of 0.083, which is higher than 0.05, and the fcount of 2.562, which is lower than the ftable of 3.108, corroborate this

conclusion and result in the rejection of H3. This suggests that the independent variable has no overall effect on the dependent variable. These findings contrast with the research conducted by (Dewi & Kusuma, 2019) which claims that Operating Expenses and Revenue do have an effect on Financial Performance. Furthermore, the determination test results summarized by the author indicate that the R2 value is 0.059, meaning that approximately 5.9% of the Financial Performance variables can be attributed to Operational Costs and Revenue, while the remaining 94.1% is influenced by other factors not considered in this study, such as Production Costs, Financial Expenses, Financial Income, Other Expenses, Other Income, among others that were not analyzed here.

Conclusion

Based on the outcomes of the research evaluation and dialogue regarding the impact of Operating Costs and Revenue on Financial Performance within Manufacturing Companies in the Food and Beverage Subsector listed on the Indonesia Stock Exchange for the years 2021-2021, it can be concluded that:

1. The results of the test indicate that Operating Costs (X1) do not impact Financial Performance; therefore, the first hypothesis (H1), which claims that Operating Costs have a notable and detrimental effect on Financial Performance for companies in the food and beverage sector listed on the Indonesia Stock Exchange from 2021 to 2023, is not supported. This is demonstrated by the tcalculation value of -1.403 being less than the ttable of 1.989, with a significance level.
2. The second hypothesis, (H2), that Revenue has a significant and negative influence on Financial Performance in food and beverage subsector companies listed on the Indonesia Stock Exchange from 2021 to 2023, is supported by the test results, which demonstrate that Revenue (X2) significantly affects Financial Performance (Y). A significance level of 0.043, which is below the 0.05 limit, and a t-value of 2.052, which is more than the necessary t-value of 1.989, corroborate this. These results show that Financial Performance is independently impacted by Revenue (X2).
3. According to the test results, when taken into account jointly, Operating Expenses (X1) and Revenue (X2) do not significantly affect Financial Performance (Y). As a result, hypothesis (H3), which proposed a substantial concurrent effect of revenue and operating expenses on financial performance for food and beverage firms listed on the Indonesia Stock Exchange between 2021 and 2023, was rejected. A significant level of 0.083, over the 0.05 cutoff, and an F-calculated value of 2.562, below the necessary F-value of 3.108, both support this result. As a result, the independent factors' cumulative influence on the dependent variable is zero.

Suggestion

According to this scientific paper, I aim to utilize it as a reference resource to enhance my understanding. In the conclusion stated above, the author offers a recommendation, specifically:

1. It is hoped that this can serve as a guide for investors in determining the optimal timing for their investments by taking into account the variables examined in this study. This way, investors can make informed choices when allocating their capital to food and beverage firms.
2. The findings from the study indicate that Income positively influences Financial Performance, which can be a factor for investors considering becoming shareholders in a company. Additionally, investors can gain insight into the annual profits they might expect by observing the income generated by the business.

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Direksi. Penelitiannya berfokus pada isu-isu yang berkaitan dengan manajemen terutama Manajemen Keuangan.

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Dengan semangat untuk mengembangkan pengetahuan di bidang ekonomi dan manajemen, Riri terus berusaha untuk mencapai tujuannya. Ia meyakini bahwa pendidikan adalah kunci utama untuk membuka peluang dan memberikan kontribusi nyata bagi masyarakat sekitar, khususnya di Sumatera Barat