

LITERATURE REVIEW : ANALYSIS OF THE IMPACT OF PRODUCTION EXPENDITURES, OPERATIONAL EXPENSES, PROMOTIONAL EXPENSES AND TOTAL SALES VOLUMES ON THE NET PROFIT IN PT AKASHA WIRA INTERNATIONAL Tbk PERIOD 2016-2017

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ABSTRACT

This research aims to test whether production costs, operational costs, promotional costs and total sales volume influence not a professional at PT Akasha Wira International Tbk for the 2016-2017 period. This research uses quantitative data samples and sampling uses purposive sampling techniques. The data analysis technique in this research uses multiple linear regression and classical assumption tests. Data processing in this research was assisted by the IBM SPSS 26 tool.

INTRODUCTION

A business entity or company is an operating unit that converts resources that have economic value into use value in the form of goods and services with clear objectives, and generally aims to obtain as much profit as possible. (Makalalag & Ilat, 2023). The profits obtained by the company will of course be used for operational expenses, and most importantly for the survival of the company. Basically, companies are founded to achieve maximum income to ensure the company's survival, so that the company can strive to continue to grow (Fipin Hidayanti et al., 2019). According to (Makalalag & Ilat, 2023) Profit is income reduced by expenses in ongoing business processes that occur in the accounting period. The goal of the company is to generate as much profit as possible to develop the company and to attract investors to invest. According to (Marismati Agung Azhar Ziddan, 2022). Net profit is the final figure from the profit and loss calculation plus other income and minus other expenses.

Production expenses are the total costs used to convert raw materials into finished products that will be sold to consumers. Production costs include raw

material costs, costs overhead factory (BOP), and direct labor costs (Namora & Zulvia, 2023).

Operational expenses are expenses that influence the company's success in achieving its goals. Because the products produced by the company must reach consumers through a series of interrelated processes. Without a directed operational stage, the product produced will not bring any benefits to the company (Fipin Hidayanti et al., 2019).

Marketing expenses are the burden that the company must bear to bring the company's products to the market, from sales preparation to the purchasing stage. Expenses for obtaining orders consist of promotional expenses, advertising and advertising expenses. Meanwhile, the burden to fulfill orders consists of warehousing expenses, shipping expenses, transportation expenses and packaging expenses. (Makalalag & Ilat, 2023).

Sales volume is a company's income expressed in the number of physical units or quantity of the company's products sold. Sales volume can show the quantity or size of goods and services sold. Indicators of sales are product, price, distribution and promotion (Yuliani & Komarudin, 2023).

THEORETICAL REVIEW

Financial statements

According to (Yori et al., 2022) financial reports are the final result of the accounting process which is intended as a tool for communicating data or results of a company's financial performance to interested parties.

According to the Indonesian Accounting Association, there are several types of financial reports, namely: (1). Statement of financial position at the end of the period, (2) Profit and loss report & other comprehensive income during the period, (3) Equity development report during the period, (4) Cash flow statement for the current period, (5) Notes to financial reports, (6) Initial financial statements of the Period

Net Profit

According to (Richard Dobbins, 1993) Net profit is gross profit minus overhead expenses. If a company produces very large gross profits, can control overhead expenses, and considers sales levels, then the company produces satisfactory profits and can control its cash flow well. Net profit (Y) can be interpreted as company income minus expenses and income taxes.

PRODUCTION EXPENSES

According to (Felicia Robinhot Gultom, 2018) Production expenses are expenses that include direct material expenses, direct labor and overhead production. According to this theory, it can be said that production has an influence on a company's profits. Profits will be greater if lower production costs are incurred.

OPERATIONAL EXPENSES

According to (Fipin Hidayanti et al., 2019) Operational expenses are costs that can influence the success of a company in achieving its goals. If there are no focused operational goals, then the products produced will not bring profits to the business entity.

PROMOTIONAL EXPENSES

According to (Irpan Januarsah et al., 2019) Promotional expenses are defined broadly to include costs incurred from the time the product is finished, produced and stored in inventory until the product is converted into cash. Meanwhile, in a narrow sense, promotional costs are costs incurred to sell products to the market. Promotional expenses can be classified into two types, namely revenue expenses (order-getting costs) and order (order-filling costs).

SALES VOLUME

According to (Yuliani & Komarudin, 2023) Sales volume is sales expressed in terms of the number of units or services sold. The following are indicators of sales, namely price, product, and distribution.

PRIOR RESEARCH

Makalalag and Ilat et al (2023) in their research entitled *The Effect of Production Costs, Marketing Costs and Quality Costs on Net Profit (Study of Food and Beverage Subsector Manufacturing Companies Listed on the IDX in 2018-2020)*. This research uses quantitative research and sampling using purposive sampling, where there are 27 sample companies selected from 84 companies. The research results state that production costs and marketing costs have a significant effect on net profit, while quality costs have no effect on net profit.

Fipin Hidayat et al (2019) in their research entitled *The Effect of Sales Volume and Operational Expenses on Company Net Profit (Empirical Study of Food and Beverage Sub-Sector Manufacturing Companies Listed on the Indonesia Stock Exchange 2012-2016)*. The method used is the statistical method of multiple linear regression. The results of this research are that sales volume and operational expenses have a significant influence on the company's net profit partially and simultaneously.

Marismati Agung Azhar Ziddan et al (2022) in their research entitled *The Effect of Production Costs on Net Profit in Food and Beverage Sub-Sector Manufacturing Companies Listed on the IDX for the 2019-2020 Period*. This research uses secondary data with two sampling techniques, namely nonprobability sampling and purposive sampling. The samples used in this research are profit and loss financial reports and notes on financial reports of Food and Beverage Subsector Manufacturing Companies Registered on the IDX for the 2019-2020 Period. The results of this research show that production costs have a significant effect on the company's net profit.

The table below proves that the current research is different from previous research, where the current research uses four independent variables, namely production expenses, operational expenses, promotional expenses and sales volume.

Study	Production cost	Operating costs	Promotion Costs	Sales Volume	Net profit
(Afiansyah Makalalag, 2023)	√		√		√
(Marismati, 2022)	√				√
(Tasya Anggia Namora, 2023)	√		√		√
(Gultom, 2018)	√		√		√
(Fipin Hiadayanti, 2019)		√		√	in
(Rostanti, 2019)	√	√			√
(Fitri Yulianti, 2023)	√	√		√	√
(Ipan Januarsah, 2019)	√		√		√
(Ramadan, 2015)	√	√			√
(Sugianto Ikhsan, 2019)		√			√
(Fransisca Ernawati, 2015)		√			√
(Purwanto, 2021)	√			√	√
(Nurul Lucky Award, 2023)	√	√	√	√	√

Table 1. Review Differences between researchers' research and previous research

FrameWork

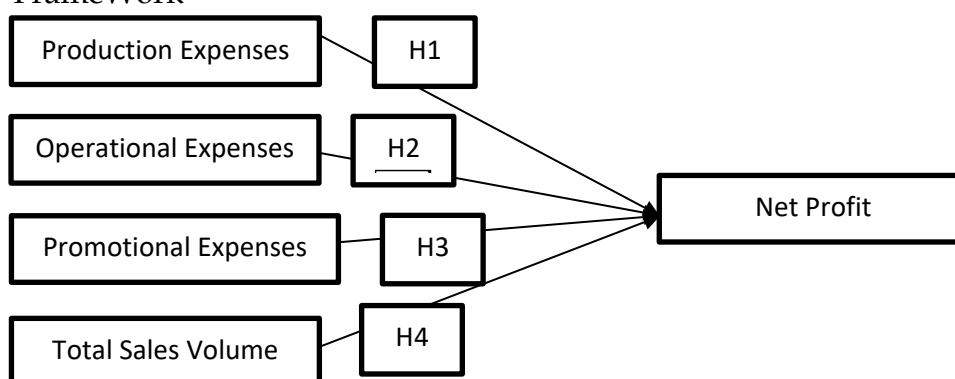


Figure 1. Research Model

Research Hypothesis

- H1 : Production Expenses have an influence on Net profit
- H2 : Operational Expenses have an influence on Net Profit
- H3 : Promotional Load has an influence on Net profit
- H4 : Sales Volume has an influence on Net profit

In the framework above, it can be explained that this independent variable is Production Expense (X1), Operational Expenses (X2), Promotion Expenses (X3) , Sales Volume (X4), and Net profit (Y) which is the dependent variable. This research will analyze whether production costs, operational costs, promotional costs and sales volume have an effect on net profit.

METHODOLOGY

Research Approach

This research uses a quantitative descriptive research method, where this method analyzes the relationship between one variable and other variables.

Population and Sample

The population in this research is PT Akasha Wira International Tbk which is a manufacturing company engaged in making bottled drinking products and cosmetic products. The sample in this research is the results of PT Akasha Wira International's financial reports for the last 8 years, namely from 2016 to 2023.

The sampling technique in this research used a purposive sampling technique. Purposive sampling is a sampling technique by determining certain objectives or considerations. The sample in this research is the financial report of PT Akasha Wira International.

Method of collecting data

The data collection method was carried out by looking for secondary data in the form of financial reports at PT Akasha Wira International Tbk.

Classic assumption test

It is important to carry out classical assumption tests so that the statistical coefficients obtained are truly reliable and accurate parameters. Testing in the classical assumption test consists of three testing stages, namely normality test, multicollinearity test and heteroscedasticity test. (Rinaldi & Nanang Prayudyanto, n.d.).

a. Normality test

According to (Felicia Robinhot Gultom, 2018) The normality test is a test carried out to determine whether the data from the independent and dependent variables used are normally distributed or vice versa. The normality test in this study used the Kolmogorov-Smirnov test. Data can be said to be normal if the Kolmogorov-Smirnov significance value is > 0.05 . Conversely, if the significance value is < 0.05 then the data is said to be not normally distributed.

b. Multicollinearity Test

The multicollinearity test is used to determine whether each independent variable is linearly related or whether each variable is correlated. Regression can be declared good if there is no multicollinearity. Data is said to not have

multicollinearity if the VIF value is < 10 and the tolerance value is > 0.1 . Vice versa, data can be said to have multicollinearity if the VIF value is > 10 and the tolerance value is < 0.1 (Makalalag & Ilat, 2023).

c. Heteroscedasticity Test

According to (Felicia Robinhot Gultom, 2018) The heteroscedasticity test aims to test whether the regression model has unequal residual variance from one observation to another. This research uses a heteroscedasticity test method scatterplot, where if the points form a certain regular pattern then heteroscedasticity occurs. On the other hand, if there is no clear pattern, the points spread above and below the number 0 on the Y axis, then the data can be said to not have heteroscedasticity.

Multiple Linear Regression Analysis

According to (Makalalag & Ilat, 2023) Multiple linear regression analysis is used to test the influence of more than one independent variable on the dependent variable. The equation in multiple linear regression in this research is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where :

Y : Net Profit

a : Constant

b : Regression coefficient for the production load variable

X₁ : Production Expenses

b₂ : Regression coefficient for operational expense variables

X₂ : Operational Expenses

b₃ : Regression coefficient for the promotional expense variable

X₃ : Promotion Expenses

b₄ : Sales volume variable regression coefficient

X₄ : Sales Volume

e : error of term

a. T-statistical test (Partial)

According to (Namora & Zulvia, 2023) The T-statistical test is a test used to test whether independent variables partially have a significant influence or have no partial influence. If the significance value is < 0.05 and $t_{count} > t_{table}$ then H_0 is rejected and H_a is accepted. Vice versa, if the significance value is > 0.05 and $t < t_{table}$ then H_0 is accepted and H_a is rejected.

b. Coefficient of Determination Test (R^2)

According to (Namora & Zulvia, 2023) The coefficient of determination test is used to determine the ability of the independent variables to influence the dependent variable together. The coefficient of determination is measured from Adjusted R-square (R^2). If value Adjusted R-square closer to one, the greater the ability of the independent variable to influence the dependent variable. Vice

versa, if the value Adjusted R-square farther away and closer to 0, the smaller the independent variable is able to influence the dependent variable..

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