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## The impact of income generated by business activities and operational costs on the net profit for the period spanning from 2019 to 2022

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### Abstract

business income and operational expenses on net profit in food and beverage sub-sector companies listed on the Indonesian Stock Exchange (BEI) in 2019-2022. The sample in this research was 15 companies over 4 years. The sampling technique uses the purposive sampling method. The analytical method used is descriptive analysis and regression analysis with normality test. Multicollinearity test, heteroscedasticity test, and autocorrelation test, and the research design used is quantitative correlation. The results of this research show that simultaneously, variable operating income and operational expenses have a significant effect on net profit. Partial test results show that the operating income variable has a significant positive effect on net profit. However, the operational expense variable does not have a significant positive effect on net profit.

**Keywords:** business income, operational expenses, net profit

### 1. Introduction

In increasingly fierce competition, the world economy continues to experience development. Where companies compete with other companies. Companies are required to be more efficient in increasing profits. Industrial development in Indonesia is taking place rapidly, along with advances in science and technology. The development experienced is not only an increase but also a decrease every year. Alam (2020), financial reports by investors are useful as a tool for assessing the suitability of a company in managing its finances and assessing the company's performance. Meanwhile, for management, financial reports are useful for showing the company's performance and quality in carrying out its operational activities. It can be said that financial reports are an instrument for investors because they read the financial information contained in the financial reports. Investors and decision-makers can assess how big the company's potential is to achieve better performance and earn more cash as a basis for forecasting, comparing, assessing the company's capabilities, and converting profits earned into cash in the future (Riska, 2018).

In running a business, of course, a company has a goal (Jenkins, 2009). The company's main goal is to achieve maximum net profit. Profit or Loss is usually used to assess company performance. The elements that form part of profit are income and expenses. In order to survive and compete in an increasingly competitive economic world, management strategies are absolutely necessary. Management strives to make efficiencies in the costs incurred, and reduce costs that are ineffective in its activities. To achieve company goals, effective planning and cost control is needed. Cost control is important to reduce costs that should be avoided and do not need to occur, so that the company can work more efficiently. The aim of establishing a company is to fulfill human needs for satisfaction and maintain the company's existence. One of them is by increasing all company activities and optimizing the company's funds so that the company achieves the desired profit. Profit is one of the most important things in running a company. Profit is additional income in the form of assets, objects and money that the company can use to carry out its operational activities (Riska, 2018).

Profit, which is a reflection of the company, must be stable and increase (Fajaria & Isnalita, 2018) this situation is what companies should pay more attention. If profits are usually used as a measuring tool for measuring and assessing company achievements, then

companies must be able to increase profits every year (Purnamasari, 2015). Because if profits increase, it can reflect the company's progress or success. Likewise, if a loss occurs, it will reflect failure for the company. Indayani (2020) revenue must continue and move stably to maintain the company's activity process. Income is an important element in financial reports, especially in producing net profit, because if the value of income is less than expenses, the company will experience a loss. On the other hand, if a company's income is greater than its expenses, it will certainly generate profits for the company (Doyle, 1992).

The more developed or large a company is, the more activities the company carries out. As the company's activities increase, the costs incurred for company operations will increase. So, in order to avoid waste, waste and misappropriation of costs must be used as efficiently and effectively as possible to reduce costs. Alam (2020) The use of operational costs must be adjusted to existing needs, otherwise it will result in a decrease in profits. Therefore, there is a need for effective and efficient management of all important parts of the company. Riska (2018), net profit is the result of income minus expenses and also minus taxes.

This is supported by research conducted by Rahmawati & Kosasih (2020) entitled the influence of Business Income and Operational Expenses on net profit partially shows that operating income has a significant favorable influence on net profit and operational expenses do not influence net profit. Sa'diyah et al (2019), in research entitled the influence of operating income and operational expenses on net profit showing that the operating income variable has a significant effect on net profit and operational expenses do not have a significant effect on net profit. This research is supported by Lesly (2020) with the title analysis of Business Income and operational costs on net profit, showing that business income has a significant influence on net profit and operational costs do not have a significant influence on net profit. In contrast to research conducted by Kartini (2017) entitled The Effect of Business Income and Operational Costs on Net Profit (case study of Hotel, Restaurant and Tourism Sub-Sector Services Companies Listed on the Indonesian Stock Exchange for the 2011-2015 Period) shows that simultaneously Business Income has a significant positive effect on Net Profit and Operational Costs have a significant negative effect on Net Profit.

## 2. Methods

The research design used is quantitative correlation. The correlational method aims to detect the extent to which variations in a factor are related to variations in one or more other factors. in this research, the factor studied is net profit, and other factors are operating income and expenses based on coefficients. Meanwhile, the sampling method is purposive sampling, where this sampling technique is non-random sampling, which means that the researcher determines sampling by determining unique characteristics or special accounts (net profit, income, and operational costs) that are by the research objectives so that it is expected can answer research problems. The analysis method used is ANOVA, or analysis of variance, which tests mean differences between groups. Group here can mean a group or type of treatment, and in this research, the groups studied are the net profit group, income group, and operational costs group.

## 3. Results and Discussion

The results of correlation calculations to show the influence and how strong the relationship between the variables studied can be seen in the following table.

Table 1  
*Correlation analysis test results*

	Correlation	Net profit	Operating revenues	Operational expenses
Pearson	Correlation Net Income	1,000	,876	,833
	Operating revenues	,876	1,000	,872
	Operational Expenses	,833	,872	1,000
	Net profit	.	,000	,000
Sig. (1-tailed)	Operating revenues	,000	.	,000
	Burden	,000	,000	.
	Operational Net profit	60	60	60
N	Operating revenues	60	60	60
	Operational Expenses	60	60	60

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Based on the results of data processing in the table above, the results of the correlation coefficient between business income, operational expenses and net profit are as follows:

- The coefficient value of the Business Income variable on Net Profit is 0.876. This means that the Business Income variable has a very high level of relationship. Based on the correlation table, it is known that the Sig value. (1-tailed) between Business Income and Net Profit is  $0.000 < 0.05$ , which means there is a significant correlation between Business Income and Net Profit.
- The coefficient value of the Operational Expenses variable on Net Profit is 0.833. This means that the Operational Expense variable has a very high level of relationship. Based on the correlation table, it is known that the Sig value. (1-tailed) between Operational Expenses and Net Profit is  $0.000 < 0.05$ , which means there is a significant correlation between Operational Expenses and Net Profit.

Table 2  
*Multiple linear regression test results*

Model	Unstandardized coefficients		Standardized coefficients		Q	Gis.	Collinearity statistics	
	B	Stds. Error	Beta				Tolerance	Vif
(Constant)	,320	,764			,419	,677		
Operating revenues	,657	,122	,640	5,371	,000	,452	2,214	
Operational Expenses	,234	,139	,201	1,691	,096	,452	2,214	

a. Dependent Variable: Net Profit

Based on the table above, a regression equation is obtained as follows:

$$\text{Net Profit} = 0.320 + 0.657 (\text{Operating Income}) + 0.234 (\text{Operating Expenses})$$

From the regression model equation, it can be explained that:

- The constant value in the equation has a value of 0.320. If the independent variables Operating Income ( $X_1$ ) and Operating Expenses ( $X_2$ ) are considered constant (with a value of 0). So, the magnitude of the dependent variable Net Profit ( $Y$ ) will be 0.320.
- The business Income regression coefficient has a positive value of 0.657, meaning that this positive coefficient value indicates that Business Income has a positive effect on Net

Profit. This means that for every increase in the level of Business Income by 1 (unit), net profit will increase by 0.657.

- c) The Operational Expense regression coefficient has a positive value, namely 0.234. This positive coefficient value indicates that operational expenses have a positive effect on net profit. This means that if there is an increase in Operational Expenses by 1 (unit), then Net Profit will increase by 0.234.

Table 3

*Multiple linear regression test results*

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	26,515	2	13,258	49,976	,000 <sup>b</sup>
1 Residual	14,856	56	,265		
Total	41,371	58			

a. Dependent Variable: PBV

b. Predictors: (Constant), ROA, DER

Based on the table above, the calculated F value is 49,976 and the F table is 3,162, meaning the calculated  $F_{count} > F_{table}$  is  $49.976 > 3.162$  and the Sig value, namely  $0.000 < 0.05$  then  $H_1$  is accepted. It can be concluded that there is a significant influence simultaneously on business income and operational expenses on net profit.

Table 4

*Multiple linear regression test results*

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	,320	,764		,419	,677		
Lag_X1	,657	,122	,640	5,371	,000	,452	2,214
Lag_X2	,234	,139	,201	1,691	,096	,452	2,214

Dependent Variable: Lag Y

The Business Income variable has a probability value 0.000, smaller than the significance level of 0.05 or 5% ( $0.000 < 0.05$ ). It can also be seen from the comparison between  $t_{count}$  of 5.371 and  $t_{table}$  of 2.00324, meaning  $t_{count} > t_{table}$ , namely  $5.371 > 2.00324$ . The negative sign (-) in the  $t_{count}$  indicates that the influence given is in a negative direction; conversely, if there is no negative sign, then the influence given is in a positive direction. So,  $H_0$  is rejected,  $H_1$  is accepted. It can be concluded that the Business Income variable partially has a significant positive effect on Net Profit.

The Operational Expense variable has a probability value of 0.096 more significant than the significance level of 0.05 or 5% ( $0.096 > 0.05$ ). It can also be seen from the comparison between  $t_{count}$  of 1.691 and  $t_{table}$  of 2.00324, meaning  $t_{count} < t_{table}$ ,  $1.691 < 2.00324$ . The negative sign (-) in the calculated t value indicates that the influence given is in a negative direction; conversely, if there is no negative sign, then the influence given is in a positive direction. So,  $H_0$  is accepted,  $H_2$  is rejected. It can be concluded that the Operational Expense variable partially has a positive and insignificant effect on Net Profit.

Based on Table 5, it shows that the R-squared value is 0.641 or 64.1%. These results show that operating income and operational expenses contributed 64.1% to net profit, and other independent variables caused the remaining 35.90%.

Table 5

*Multiple linear regression test results*

Model	R	RSquare	Adjusted RSquare	Std. Error of the Estimate	Durbin-Watson
1	,801 <sup>a</sup>	,641	,628	,51505	1,746

a. Predictors: (Constant), Lag\_X<sub>2</sub>, Lag\_X<sub>1</sub>

b. Dependent Variable: Lag\_Y

The magnitude of the coefficient of determination is as follows:

$$\begin{aligned} \text{Kd} &= R^2 \times 100\% \\ &= 0.641 \times 100\% \\ &= 64.1\% \end{aligned}$$

From the results of the R-square calculation, it is still possible for Net Profit to be influenced by other variables, such as the Company's ability to generate profit/profitability, bank loan interest, investment profits, and other variables in the comprehensive income statement.

#### 4. Conclusion

The research aims to determine Business Income and operational expenses towards net profit in food and beverage companies listed on the Indonesia stock exchange in 2019-2020. operating income has a significant positive effect on net profit in food and beverage companies listed on the Indonesia Stock Exchange (BEI) in 2019-2020. If the business income of food and beverage companies increases, then net profit will increase because business income is the most essential thing in a company. By increasing business income, it is hoped that net profit will increase an insignificant effect on food and beverage companies listed on the Indonesian Stock Exchange (BEI) in 2019-2020. if the company can reduce operational expenses efficiently and effectively, the company will be able to increase net profit. Likewise, vice versa, if the expenses incurred are more significant than the income, there will be a decrease in net profit. Operating income and operational expenses have a significant favorable influence on net profit in food and beverage companies listed on the Indonesia Stock Exchange (BEI) in 2019-2020. to achieve the company's goal of increasing business income and getting maximum profits, the company must increase business income and reduce operational expenses. So, the size of the net profit obtained by the company is influenced by operating income and operational expenses.

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