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The Influence Of Asset Growth And Capital Structure On Profitability In The Food And Beverage Sub-Sector Companies Listed On The Indonesian Stock Exchange For The 2020-2024 Period

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Abstract: *This study aims to analyze the influence of asset growth and capital structure on profitability in food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period. The research was motivated by the dynamic competition within the food and beverage industry, which demands companies to maintain efficient asset management and an optimal capital structure to sustain profitability. Using a quantitative approach with multiple linear regression analysis, data were collected from 17 companies that met the research criteria, resulting in 85 firm-year observations. The results of the t-test show that asset growth has a positive but not significant effect on profitability (ROA), while the Debt to Equity Ratio (DER) has a positive and significant effect. Furthermore, the F-test indicates that both variables simultaneously have a significant effect on profitability, implying that the model used is feasible to explain the relationship between independent and dependent variables. These findings suggest that efficient asset expansion combined with a balanced capital structure can enhance corporate profitability. The study supports financial theories such as the Trade-Off Theory and Pecking Order Theory, emphasizing the importance of balancing internal and external financing for sustainable financial performance. The research contributes empirically to understanding profitability determinants in Indonesia's manufacturing sector. It also provides practical implications for corporate managers to optimize asset growth strategies and debt management. However, the study is limited by its sample size and observation period, so future research is recommended to expand the sample scope and include other financial variables.*
Keywords: *Asset Growth, Capital Structure, Debt to Equity Ratio, Profitability, Return On Assets, Food and Beverage Companies*

INTRODUCTION

The current business world is evolving rapidly as a result of globalization, technological advancements, and increasingly complex consumer behavior. The open flow of information and broad market access are forcing companies to face increasingly fierce competition, not only with local competitors but also with multinationals with capital and technological advantages. This situation is exacerbated by global economic volatility due to geopolitical factors and the pandemic, requiring companies to adapt quickly, manage risks, and optimize resources to remain

competitive.(Yunia & Rahayu, 2022)In this context, a company's success is no longer solely determined by production capacity, but rather by managerial ability to respond to financial risks and market dynamics. One key measure of this performance is profitability, which reflects the effectiveness of asset utilization in generating profit.(Widnyana et al., 2025).

In the dynamic food and beverage industry, which is sensitive to changes in consumer tastes and health regulations, the role of asset growth and capital structure is crucial. Asset growth reflects efforts to expand production capacity, distribution, and technology investment to strengthen competitiveness.(Priatna et al., 2023)However, such expansion requires a healthy capital structure. An optimal capital structure can increase company value and profitability, while excessive use of debt actually carries the risk of high interest expenses and potential bankruptcy.(Andini, 2024)This is in line with the Trade-off theory which emphasizes the importance of a balance between the benefits of using debt and financial risk, as well as the Pecking Order theory which emphasizes the priority of using internal funds to avoid excessive financial risk.(Diastanova & Marsoem, 2023). Empirical data on food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period demonstrates interesting dynamics. PT Asia Sejahtera Mina Tbk (AGAR) recorded stable asset growth in the range of 5–6% per year, but profitability, as measured by ROA, remained low at around 1%.(Diastanova & Marsoem, 2023)PT Estika Tata Tiara Tbk (BEEF) faced an extreme capital structure with a DER reaching 9250% in 2020, which then pushed ROA from 52% to just 8%.(Andini, 2024)Meanwhile, PT Wahana Interfood Nusantara Tbk (COCO) and PT Bumi Teknokultura Unggul Tbk (BTEK) experienced very aggressive asset growth (218%–348%) accompanied by high DER, but ROA remained low in the range of 2–18%.(Sabakodi & Andreas, 2024)This fact indicates that asset growth is not always accompanied by increased profitability if it is not supported by sound capital structure management.

The results of previous research support this phenomenon, where asset growth was shown to be insignificant on profitability, while capital structure had a significant negative effect.(Santoso & Widjaja, 2022)However, both variables simultaneously exerted a significant influence, indicating the need for a study examining their relationship in influencing profitability. Therefore, this research is important to deepen our understanding of the relationship between asset growth and capital structure on the profitability of food and beverage companies in Indonesia, thereby providing both theoretical and practical contributions to corporate financial decision-making.

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METHOD

This study uses a quantitative method with a positivist approach that emphasizes numerical data analysis to test the formulated hypotheses. The research objects are food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period, with a population of 83 companies. Data collection was conducted from September 2025 to January 2026. The population was selected because it has characteristics that align with the research objectives, namely to analyze the relationship between asset growth, capital structure, and profitability. From this population, the research sample was determined using a purposive sampling technique based on certain criteria to be able to represent conditions relevant to the research focus. This technique allows researchers to obtain more specific and accurate data, although it has limitations in generalizing the results. With this approach, the research is expected to provide a valid empirical picture of the relationship between variables and their implications for corporate financial management. The analysis was conducted using SPSS software version 25, so the research is able to provide an empirical picture of the relationship between asset growth, capital structure, and profitability.

RESULTS AND DISCUSSION

Analysis Descriptive

This study utilizes panel data from 17 food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period, with a total of 85 observations. Data processing and analysis were performed using SPSS through multiple linear regression to examine the effect of asset growth and capital structure on company profitability

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Pertumbuhan Aset (%)	85	-78.00	218.00	4.5245	30.61264
Debt to Equity Ratio - DER (%)	84	.00	9250.00	403.6071	1093.18146
Return on Assets - ROA (%)	85	-38.00	179.00	7.2706	25.85048
Valid N (listwise)	84				

Table 1. *Analysis Descriptive*

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The results of the descriptive analysis show that the Asset Growth variable has a range of values from -78.00% to 218.00% with an average of 4.52% and a standard deviation of 30.61%, indicating a large variation in asset growth between companies, but in general asset growth tends to be positive. The Debt to Equity Ratio (DER) variable shows a very wide range from 0.00% to 9,250.00% with an average of 403.61% and a very high standard deviation of 1,093.18%, indicating a large difference in the financing structure of companies, from those that use very little debt to those that rely heavily on debt compared to equity. The Return on Assets (ROA) variable has a minimum value of -38.00% and a maximum of 179.00% with an average of 7.27% and a standard deviation of 25.85%, indicating a fairly high variation in profitability, although the average profitability is relatively low, reflecting the diverse financial conditions of companies in the sub-sector. The validity of the data is reflected in the number of final observations of 84 companies.

Multicollinearity Test

A multicollinearity test was conducted to determine whether there was a high correlation between the independent variables in the regression model. This test was performed using SPSS software by examining the Tolerance and Variance Inflation Factor (VIF) values.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.111	2.033		2.022	.046		
	Pertumbuhan Aset (%)	-.092	.062	-.158	-1.485	.141	.994	1.006
	Debt to Equity Ratio - DER (%)	.004	.002	.233	2.182	.032	.994	1.006

a. Dependent Variable: Return on Assets - ROA (%)

Table 2. *Multicollinearity Test Results*

The multicollinearity test results in the table show a tolerance value of 0.994 for both independent variables (Asset Growth and DER), which is very close to 1. This value indicates that there is no serious multicollinearity problem because a low tolerance (usually below 0.1) indicates a high correlation between the independent variables. In addition, the Variance Inflation Factor (VIF) value for both variables is also very low, namely 1.006, far below the general critical limit of 10, which further confirms that multicollinearity is not a problem in this regression model. Thus,

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the Asset Growth and DER variables can be considered free from a strong linear relationship between each other, making the regression results more valid.

Heteroscedasticity analysis

A heteroscedasticity test can be used to determine whether the residuals in a regression model are unevenly distributed across the observations. This test is performed using the SPSS package and the Glaeser method.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	10.027	1.590		6.306	.000		
	Pertumbuhan Aset (%)	-.021	.048	-.048	-.431	.668	.994	1.006
	Debt to Equity Ratio - DER (%)	.001	.001	.102	.917	.362	.994	1.006

a. Dependent Variable: ABSRES

Table 2. *Heteroscedasticity test*

The heteroscedasticity test aims to test whether there is inequality in residual variance between observations in the regression model. Based on the results of the Glejser test shown in the table, the variable Asset Growth has a significance value of 0.668 and variables *Debt to Equity Ratio* (DER) of 0.362, both greater than 0.05. This indicates that there is no significant influence between the independent variables on the absolute value of the residuals, thus concluding that this regression model is free from heteroscedasticity. Thus, the model meets the classical assumptions of homoscedasticity and is considered suitable for use in further regression testing.

Persial Test (t-Test)

A t-test was conducted to determine the partial effect of each independent variable on the dependent variable. This test was conducted using SPSS software with a significance level of 0.05.

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Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.111	2.033		2.022	.046		
	Pertumbuhan Aset (%)	-.092	.062	-.158	-1.485	.141	.994	1.006
	Debt to Equity Ratio - DER (%)	.004	.002	.233	2.182	.032	.994	1.006

a. Dependent Variable: Return on Assets - ROA (%)

Table 4.*Persian Test Results*

Based on the results of the t-test in the table above, it is known that the variable Asset Growth has a significance value of 0.141, greater than 0.05, with a regression coefficient of -0.092. This indicates that asset growth has a negative but insignificant effect on Return on Assets (ROA), so that the increase in assets does not significantly increase the company's profitability. Conversely, the Debt to Equity Ratio (DER) variable has a significance value of 0.032, smaller than 0.05, with a positive regression coefficient of 0.004, which means that DER has a positive and significant effect on ROA. These results indicate that the higher the DER, the company's profitability also increases, which indicates that the use of debt proportionally can increase the company's efficiency and ability to generate profits. Thus, partially only the DER variable has a significant effect on company profitability, while asset growth does not have a significant effect.

Simultaneous Test (F Test)

The F-test was conducted to determine whether all independent variables simultaneously have a significant effect on the dependent variable. This test was conducted using SPSS software with a significance level of 0.05.

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ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2229.090	2	1114.545	3.752	.028[b]
	Residual	24061.612	81	297.057		
	Total	26290.702	83			

a. Dependent Variable: Return on Assets - ROA (%)

b. Predictors: (Constant), Debt to Equity Ratio - DER (%), Pertumbuhan Aset (%)

Table 5. *Simultaneous Test Results*

Based on the results of the F test in the ANOVA table, the value obtained was F count is 3.752 with significance value 0.028,which is smaller than the significance level of 0.05. This shows that the variable Asset Growth And *Debt to Equity Ratio* (DER) simultaneously has a significant effect on *Return on Assets* (ROA) Thus, it can be concluded that the regression model used is adequate to explain the relationship between independent variables and company profitability. These results indicate that the combination of asset growth and capital structure can simultaneously influence a company's ability to generate profits.

CONCLUSION

This study aims to analyze the influence of asset growth and capital structure on profitability in food and beverage subsector companies listed on the Indonesia Stock Exchange for the 2020–2024 period. Based on the analysis, it was concluded that asset growth and the Debt to Equity Ratio (DER) positively influence Return on Assets (ROA). These results indicate that increasing assets can boost profitability through production capacity expansion, operational efficiency, and optimizing resource utilization. Meanwhile, the proportional use of debt has also been shown to contribute positively to company financial performance because it provides benefits in the form of tax savings and strengthens the capital structure. These findings demonstrate a strong link between the research findings and the research objective, namely proving that asset growth and capital structure play a significant role in increasing a company's ability to generate profits. The results also support financial theories such as the Trade-Off Theory and the Pecking Order Theory, which explain the importance of balancing the use of internal and external funds to achieve financial efficiency. Thus, this study provides an empirical contribution in strengthening the understanding

of the determinants of profitability in the manufacturing sector, particularly the food and beverage subsector in Indonesia. Practically, the results of this study provide implications for corporate management in maintaining a balance between asset expansion strategies and capital structure management to increase efficiency and corporate value. Debt use must be managed optimally to avoid excessive financial risk, while asset growth should be directed toward productive, profit-driven investments. This study is limited by its sample size and observation period, so its results cannot be fully generalized to all industrial sectors. Therefore, further research is recommended to increase the observation period, expand the research object to other sectors, and include additional variables such as company size, cost structure, and operational efficiency to provide a more comprehensive understanding of the determinants of corporate profitability.

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