# ANALYSIS THE EFFECT OF PRODUCTION COSTS, OPERATIONAL COSTS AND SALES VOLUME ON NET PROFIT
## (STUDY ON COSMETIC & HOUSEHOLD SUBSECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2017-2021)

Leny Suzan [a)], Hosanna Alicia Febrianti Siagian [a*)]


[a)] *Telkom University, Bandung, Indonesia*

[*)] *Corresponding Author: hosanasiagian@gmail.com*

**Abstract.** Success indicators of the company's performance are generally measured based on how much net profit is earned. To get the expected profit, profit planning must be carried out to predict the company's condition in the future, as well as to monitor the opportunities for factors that can affect profits. This study aims to analyze the effect of production costs, operating costs, and sales volume on the net income of cosmetic companies listed on the Indonesia Stock Exchange (IDX), either simultaneously or partially. Collecting data in this study using a purposive sampling method. This research uses objects of cosmetic manufacturing companies listed on the Indonesia Stock Exchange in 2017-2021. The population in the study totaled 12 companies but only 6 selected samples met the criteria. The analysis technique used in this research is panel data regression analysis with data processing using Eviews version 12. The results obtained from this study are that simultaneously production costs, operating costs and sales volume significantly affect net income. The adjusted R-squared value obtained at the coefficient of determination of 0.984828 (98.48%) indicates production costs, operational costs, and sales volume can explain net income and the remaining 1.52% is explained by variables outside this study. Partially, production costs and operational costs have a negative effect on net income, and sales volume has a positive effect on net income.

**Keywords**: production costs; operating costs; sales volume; net profit

## I. INTRODUCTION

Basically, the establishment of a company must achieve a number of long-term and short-term goals to fulfill the interests that are part of it. A company is a type of organization where resources such as labor and raw materials are processed to produce goods or services for customers. The purpose of a company being built is to generate profits for its founders. A company needs a product to be sold in the market to make a profit. These goods can be ready-to-use finished goods, non-physical objects, or raw materials. Every company must have the necessary resources to produce its products so that it can produce its products. Net profit, also known as profit, is the amount of money left after paying for resources during the production process to produce goods or services. Company profit is a form of company performance results based on transactions completed by the company during a certain period of time which stakeholders can use as an indication to measure the extent of management's ability to manage the company. Net profit is income from sales after deducting the costs incurred by the issuer to produce goods during a certain period of time. Earnings as a strategy for using company funds in the future can be used as a basis for performance whether management to manage the company's finances effectively for one semester or one year. Profit planning must be carried out to forecast the future state of the

company and to identify potential factors that may affect profits if the projected profit level is to be achieved. Management must be able to predict and target all the potential that will occur both inside and outside the company, to meet company goals. Planning and managing profits and the amount of expenses to be incurred in carrying out business activities are internal organizational characteristics that can be managed by management.
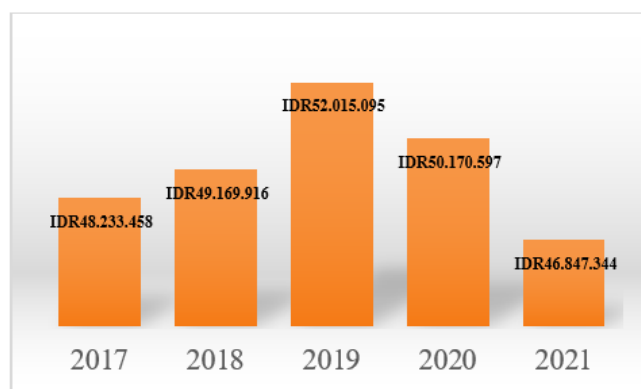


Figure 1. Average sales volume of cosmetics sub-sector manufacturing companies on the IDX for the 2017-2021 periodData processed by author (2023)

The income statement is used to show the company's profit, which is calculated from product sales minus all costs incurred by the company. Manufacturing companies include issuers that require significant detailed costs in their financial statements because they are involved in activities, such as the production process, that do not exist in the trade or service sector. The research topic is influenced by phenomena involving the Imanufacturing Icompanies Isubsector Icosmetic and Ihousehold Ilisted on the IIndonesia IStock IExchange IPeriod 2017-2021. From 2017 to 2021, the average sales volume of cosmetic and component manufacturing companies varies. The total sales volume, which reached 48,233,458 in 2017, continued to increase every year until 2019. 2019 was the year with the highest sales figures and that year was also the start of the Covid-19 outbreak. This is supported by the survey findings of the Ministry of Manpower which revealed that 88% of business actors reported the impact of the pandemic outbreak and were in a loss condition due to decreased sales [1]. It was further said that the Covid-19 outbreak in Indonesia quickly caused 9 out of 10 businesses to experience a decline. However, the Covid-19 pandemic has not affected the cosmetic market. There are 5 companies that are the object of research in profit conditions, namely PT. Akasha Wira International Tbk (ADES), PT. Kino Indonesia Tbk (KINO), PT. Mandom Indonesia Tbk (TCID), PT. Mustika Ratu Tbk (MRAT), and PT. Unilever Indonesia Tbk (UNVR). In addition to sales volume, manufacturing companies subsector cosmetic and household have fluctuating net profits from 2017 to 2021.
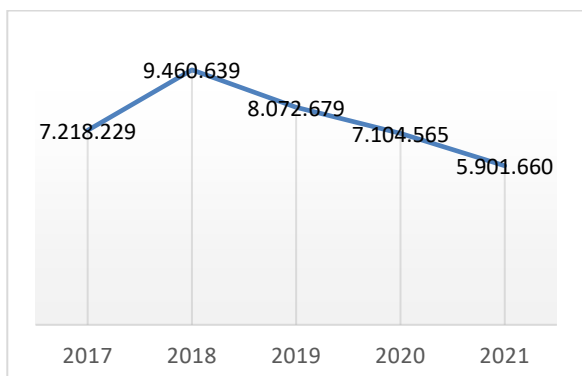


Figure 2. Average Net Profit of Manufacturing Companies Subsector Cosmetic & Household Listed on the IDX for the 2017-2021 period: Data processed by author (2023)

The average net profit increased from 2017 to 2018. The amount was 7,218,229 in 2017 to 9,460,639 in 2018, while the average net profit decreased from 2019 to 2021, from 8,072,679 in 2019 to 7,104,565 in 2020, and then to 5,901,669 in 2021. Although the average sales volume increased in 2019, the average net profit in 2019 decreased. This condition contradicts the theory which states that the more sales a company generates, the more opportunities it has to generate profits [2]. Similar problems also occur in

companies that are the object of research PT. Mandom Indonesia Tbk (TCID), whose sales volume increased by 5.86% while net profit decreased by 16% in 2019. This condition contradicts the theory which states that the company will get maximum profit with a high sales volume. increases, conversely if sales volume decreases, the profit earned is not optimal or also decreases [3]. Based on the phenomena and inconsistencies in the research described above, the author is interested in further researching the effect of production costs, operating costs, and sales volume on the company's net profit which will be set forth in a study entitled "Analysis The Effect of Production Costs, Operational Costs and Sales Volume on Net Profit (Study of Manufacturing Companies Subsector Cosmetics and Household Listed on the Indonesia Stock Exchange Period 2017-2021)."

Signalling Theory is a theory that is used to study the actions taken by company management in providing voluntary disclosures in order to provide signals or instructions to external parties regarding how management views the company's prospects. This theory explains the motivation and encouragement of companies in conveying information related to company financial reports to external parties based on the existence of information gaps between internal parties and external parties of the company [4]. In a study entitled Job Market Signaling put forward by Spence in 1973 stated that a signal is a signal given as part of relevant information by the owner of the information so that the recipient of the information can use it according to his understanding of the signal. Information submitted by internal parties will be analyzed by external parties whether the information gives a positive signal or a negative signal. Based on the explanation above, it can be concluded that there is a link between signaling theory and the research that will be carried out entitled "Analysis The Effect of Production Costs, Operational Costs, and Sales Volume on Net Profit," where the signal in this case is the company's financial statements, with internal party is management, and external party is investor. Management provides signals in the form of information related to financial reports which will later be used by investors in making investment decisions. Therefore the company must be able to make a strategy to increase company profits so that potential investors are interested to investing in the company. One of the things that can be done by a company to get maximum profit is by paying attention and reducing costs that will be incurred by the company.

In business activities, the main goal of the company is to maximize profits. The level of profit generated at the end of the accounting period is used to measure the company's overall performance. According to the Statement of Accounting Standards [5], accounting profit is defined as net profit over time minus expenses incurred during a certain period of time. According to research [6], which is stated in the Sakti Book of Introduction to Accounting, profit is the difference between total income compared to total costs. From the description of the concept, it can be concluded that net profit is the excess difference resulting from sales transaction revenue that has been compensated for by costs/expenses incurred by the company in a certain period of

time. Net profit can be calculated with the following indicators:

$$\text{Net Profit} = \text{Sales} - \text{COGS} \qquad (1)$$
$$= \text{Gross Profit} - \text{Operating Expenses}$$
$$= \text{Net Profit Before Tax} - \text{Tax Expense}$$

In producing a good, the company must sacrifice its economic resources. The most expensive sacrifice incurred is during the production process of an item. Corporations must fulfil their financial resources to produce a good. According to [7] the cost of production is a cost that is sacrificed when raw resources are processed into finished goods that are ready to be marketed. The theory is in line with the theory [8] which implies that cost reduction results in benefits on increasing profits. Based on this explanation, production costs can be understood as expenses incurred by companies when producing raw materials to make finished goods. These costs include raw material costs, direct labor, and overhead costs. The following formula can be used to calculate the cost of production:

$$\text{Production Cost} \qquad (2)$$
$$= \text{Raw Material Cost} + \text{Direct Labor Cost}$$
$$+ \text{Fixed Factory Overhead Cost}$$
$$+ \text{Variable Factory Overhead Cost}$$

One of the variables that determine changes in a company's net income is operating costs. Operational costs as all planned expenses for the distribution and sale of goods during the business operation [5]. According to [9] there are several indicators in operational costs, including:
1. Sales costs, are costs related to sales activities but are not directly related to the company's main activities, including promotional costs, advertising costs, costs, costs for packing goods, and others.
2. General administrative costs, are costs that are not related to sales such as depreciation costs, office equipment costs, building rent, and others.

Based on the understanding of experts, it can be concluded that operational costs are all expenses related to a series of activities that occur in the company but have no relationship with the production activities of goods or services, consisting of sales costs and general administrative costs. Operating costs can be calculated by the following formula :

$$\text{Operational Cost} \qquad (3)$$
$$= \text{Sales Costs}$$
$$+ \text{General Administration Costs}$$

In business activities, sales are the most important activities whose purpose to get profit. Sales is an activity where companies buy and sell finished products. In this case, the company must pay attention to the products traded, because with the high sales of the company, the profit obtained will also increase. Sales according to [10] is the main activity in buying and selling goods or services produced by the company. Meanwhile, according to [11] sales are

activities to market company merchandise to consumers / customers both in cash and on credit, so it can be concluded that the success of sales is determined based on the results of sales of company products with currency units during a certain period. Sales volume can be calculated by the following formula:

$$\text{Sales Volume} \qquad (4)$$
$$= \text{Total Sales of Products Over a Period}$$

## II. RESEARCH METHODS

The purpose of this study is included in the causal verifiative descriptive objectives with a quantitative research approach. The population in this study consists of 12 cosmetic manufacturing companies listed on the Indonesia Stock Exchange from 2017 to 2021. Of these, six companies were selected using purposive sampling techniques as samples that met the research criteria with a total of 5 years of research, so that a total of 30 samples were obtained. The independent variable are production costs, operating costs, sales volume, and the dependent variable is net profit, are descriptive variables used to quickly examine and describe the picture of actual conditions that occur in each variable in this study. The data used in this study are secondary data sourced from books, journals, and official websites that provide data and news related to the financial and annual statements of the companies studied such as idx.co.id, kemenperin.co.id, kemnaker.go.id, and bps.go.id. This research uses field research and literature research as data collection methods. Data processing using the help of the Eviews 12 Student Version program. Panel data regression is an analysis technique used in this study to choose which model is the best from among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) [12]. Furthermore, after the best model is selected, a classical assumption approach will be used where if the selected model is CEM & FEM then the approach used is Ordinary Least Square which consists of multicollinearity and heteroscedasticity tests, but if the selected model is REM then the approach used is Generaly Least Square which consists of normality tests and multicollinearity tests.

## III. RESULTS AND DISCUSSION

*Statistical Descriptive Analysis*

In this study, the descriptive statistics used are; mean, standard deviation, maximum value, and minimum value. The following table presents the results of descriptive statistical tests:

Table I.  Descriptive Statistics

| Keterangan | Biaya Produksi (X1) | Biaya Operasional (X2) | Volume Penjualan (X3) | Laba Bersih (Y) |
|---|---|---|---|---|
| Mean | 3.660.096,93 | 2.491.542,40 | 8.255.305,83 | 1.258.255,90 |
| Std.Dev | 6.873.806,35 | 4.374.666,58 | 15.272.962,39 | 2.780.973,99 |
| Maksimum | 19.964.545 | 12.985.856 | 42.972.474 | 9.109.445 |
| Minimum | 126.578 | 161.780 | 210.528 | -203.214 |
| Observations | 30 | 30 | 30 | 30 |

Based on table I of the descriptive statistic test, it can be seen that the independent variable production cost has an average value (mean) of 3,660,096.93 smaller than the standard deviation of 6,873,806.35. The average value and standard deviation findings show the variability of data production costs manufacturing companies subsector cosmetics and household listed on Indonesia Stock Exchange period 2017 to 2021. PT Unilever Indonesia Tbk (UNVR) has the highest production cost value in 2019 of 19,964,545, while PT Mustika Ratu Tbk (MRAT) has the lowest production cost value of 126,578. Then the mean value on the independent variable operating costs is 2,491,542.40 less than the standard deviation of 4,374,666.58. The average value and standard deviation findings show the variability of data operating costs manufacturing companies subsector cosmetics and households from 2017 to 2021. In 2020 PT Unilever Indonesia Tbk (UNVR) had the highest operating cost value of 12,985,856, while PT Martino Berto Tbk (MBTO) had minimum operating costs value of 2021 of 161,780. The mean value of the independent variable sales volume of 8,255,305.83 is less than the standard deviation of 15,272,962.39. The average value and standard deviation findings show the variability of data sales volume manufacturing companies subsector cosmetics and households from 2017 to 2021. The maximum value sales volume is 42,972,474 owned by PT Unilever Indonesia Tbk (UNVR) in 2020, while minimum value of 210,528 is owned by PT Martina Berto Tbk (MBTO) in 2021. Furthermore, the dependent variable net profit has an average value (mean) of 1,258,255.90 lower than the standard deviation of 2,780,973.99. Average values and standard deviation findings show that data on net income manufacturing companies subsector cosmetics and household from 2017 to 2021 varied. PT Unilever Indonesia Tbk (UNVR) had the highest net profit value of 9,109,445 in 2018, while PT Martina Berto Tbk (MBTO) had the lowest net profit value of -203,214 in 2020.

*Test Classical Assumptions*
**a. Multicollinearity Test**

The value of correlation between variables that used in multicollinearity test is <0.90. The results of the test multicollinearity ini this research are as follows:

Table 2. Multicollinearity Test Result

|     | X1        | X2        | X3       |
|-----|-----------|-----------|----------|
| X1  | 1.000000  | -0.313559 | 0.203337 |
| X2  | -0.313559 | 1.000000  | 0.723384 |
| X3  | 0.203337  | 0.723384  | 1.000000 |

Source : Output eviews version 12, 2023

Based on table II above, coefficient value of each independent variable of production costs (X1), operational costs (X2), and sales volume (X3) shows that there is no variable which has value correlation coefficient exceeds 0.90, so that can be concluded no multicollinearity problem in this study.

**b. Heteroskedascity test**

In this study, heteroscedasticity was tested using ARCH test with threshold limit 5%. Heteroskedasticity occurs if the value of probability Chi-Square is more than 0.05. The following are the results of the heteroskedasticity test research:

Table 3. Heteroskedasticity Test Results

Heteroskedasticity Test: ARCH

| | | | |
|---|---|---|---|
| F-statistic | 4.057181 | Prob. F(1,27) | 0.0540 |
| Obs*R-squared | 3.788440 | Prob. Chi-Square(1) | 0.0516 |

Source : Output eviews version 12, 2023

Based on the results of heteroscedasticity test in table III with using ARCH test obtained probability of Chi-Square value of $0.0516 > 0.05$. Therefore can be said that this research not have heteroscedasticity problem.

*Panel Data Regression Analysis*

Based on the tests that have been carried out on the third test those are chow test, hausman test, and lagrange multiplier test or Breusch pagan, selected common effet model as best model for this study:

Table 4. Common Effcet Model Results

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/15/23   Time: 09:00
Sample: 2017 2021
Periods included: 5
Cross-sections included: 6
Total panel (balanced) observations: 30

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|-------|
| C  | -31609.06 | 82784.80 | -0.381822 | 0.7057 |
| X1 | -0.345578 | 0.157538 | -2.193622 | 0.0374 |
| X2 | -1.594573 | 0.354469 | -4.498484 | 0.0001 |
| X3 | 0.790723  | 0.159539 | 4.956307  | 0.0000 |

| | | | |
|---|---|---|---|
| R-squared | 0.986397 | Mean dependent var | 1258256. |
| Adjusted R-squared | 0.984828 | S.D. dependent var | 2780974. |
| S.E. of regression | 342547.9 | Akaike info criterion | 28.44978 |
| Sum squared resid | 3.05E+12 | Schwarz criterion | 28.63660 |
| Log likelihood | -422.7467 | Hannan-Quinn criter. | 28.50954 |
| F-statistic | 628.4630 | Durbin-Watson stat | 3.143524 |
| Prob(F-statistic) | 0.000000 | | |

Source : Output eviews version 12, 2023

Based on table IV common effect model result, equation model regression data panel which explain "Effect of Production costs, Operational Costs, and Sales Volume on Net Profit on manufacturing companies subsector cosmetics and households listed on Indonesia Stock Exchange from 2017 to 2021 formulated as follows :

$$Y = -31609.06 - 0.345578 (X1) - 1.594573 (X2) + 0.790723 (X3) + e$$

Remarks:
Y = Net Profit Current Year
X1 = Cost Production
X2 = Operating Costs
X3 = Volume Penjualan

Equation regression data panel can be interpreted as follows:

1. A constant value of -31609.06 means that production costs, operating costs, and sales volume are considered fixed values, then net profit manufacturing companies subsector cosmetics and household listed on Indonesia Stock Exchange for period 2017-2021 will equal with -31609.06 unit.
2. The value of coefficient regression variable production costs amounted to -0.345578 which marked negative, indicates that with assumption other variable zero, decrease production costs by one unit will decrease net profit by 0.345578 for manufacturing companies subsector cosmetics and household listed on the Indonesia Stock Exchange period 2017-2021.
3. The value of coefficient regression variable operational costs amounted to -1.594573 which marked negative, indicated that the decrease operational cost by one unit with assuming other variable zero, will result in decrease net income by -1.594573 for manufacturing companies subsector cosmetics and household listed on the Indonesia Stock Exchange period 2017-2021.
4. The value of coefficient regression variable sales volume amounted to 0.790723 which marked positive, indicated that the increase sales volume amounted to one unit with assumption other variable equal to zero will result increase net profit 0.790723 for manufacturing companies subsector cosmetics and household listed on the Indonesia Stock Exchange period 2017-2021.

*Hypothesis Test*

**a. Coefficient of Determination Test ($R^2$)**

Based on table IV it can be seen that the value of adjusted R-squared model research is 0.984828 or 98.48%. Thus can conclude that variable independent production costs, operational costs, and sales volume, capable explained dependent variables net profit in manufacturing companies subsector cosmetics and household listed on Indonesia Stock Exchange period 2017- 2021 amounted to 98.48%; There maining 1.52% is explained by other variable outside this research.

**b. Simultaneous Test (F Test)**

In table IV it can be seen that the value of Prob (F-statistic) of the research model is 0.000000 the value is $H_0$ smaller than 5%, then rejected or simultaneously variable independent production costs, operational costs, and sales volume be quation affects variabel dependent net profit of manufacturing companies subsector cosmetic and households listed on the Indonesia Stock Exchange in 2017-2021.

**c. Partial Test (T Test)**

Table 5. Partial Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -31609.06 | 82784.80 | -0.381822 | 0.7057 |
| X1 | -0.345578 | 0.157538 | -2.193622 | 0.0374 |
| X2 | -1.594573 | 0.354469 | -4.498484 | 0.0001 |
| X3 | 0.790723 | 0.159539 | 4.956307 | 0.0000 |

Based on table V can be summed up as follows:

1. Production costs (X1) has probability value 0.0374 is less than 0.05, then it is stated $H_{02}$ rejected and $H_{a2}$ accepted. This show that production costs have partial effect on net profit manufactur companies subsector cosmetics and household which listed on the Indonesia Stock Exchange period 2017 to 2021.
2. Operating costs (X2) has a probability values 0.0001 is less than 0.05, then it is stated that $H_{03}$ is rejected and $H_{a3}$ is accepted. This shows that operating costs have a partial effect on net profit manufactur companies subsector cosmetics and households which listed on the Indonesia Stock Exchange period 2017 to 2021.
3. Sales Volume (X3) has a probability value 0.0000 is less than 0.05, then it is stated $H_{04}$ rejected and $H_{a4}$ accepted. This shows that sales volume has a partial effect on net profit manufactur companies subsector cosmetics and households listed on the Indonesia Stock Exchange period 2017 to 2021.

*The Effect of Production Costs on Net Profit*

Based on the results of the partial test, where the value of the production costs coefficient of -0.345578 and the probability value of 0.0374 which is smaller than the significance level of 0.05 or 5%, it can be declared $H_{01}$ rejected and $H_{a1}$ accepted, this shows that production costs have a significant negative impact partially on net profit. Because the regression coefficient of production costs is negative, the company's net profit will decrease along with the increase in production costs. Therefore, it is very important to reduce production costs to get a high net profit. The findings of the research on the effect of production costs on net profit are consistent with the hypothesis and framework proposed, that production costs negatively affect net income [13], [14], [15], but contradict with research [16] and [17] which confirms that production costs have a positive effect on net profit. The results of the study are explained using research data from manufacturing companies in the cosmetics and household sectors listed on the Indonesia Stock Exchange period 2017-2021. As many as 4 out of 6 of them have data that supports the idea that a decrease in production costs will increase the company's net profit, and vice versa an increase in production costs is followed by a decrease in net income. Companies include the codes ADES, MBTO, TCID, and MRAT. For example of a research company that has seen a significant increase and decrease in production costs is PT Mandom Indonesia Tbk (TCID) where production costs increased by 6.6% in 2018-2019, from 1,725,299 in 2018, and amounted to 1,847,727 in 2019, while its net profit decreased by 19.2% in 2018-2019, from IDR 173,049 in 2018 to 145,149 in 2019.

*The Effect of Operational Costs on Net Profit*

Based on the results shown in the partial test, the value of the production cost coefficient is -1.594573 and the probability value is 0.0001, the value is smaller than the significance level of 0.05 or 5%, so conclusions can be $H_{02}$ rejected and $H_{a2}$ accepted which means that operating costs

have a partial significant negative effect on net profit. The negative operating cost regression coefficient can mean that the company's net profit will decrease along with the increase in operating costs, so to obtain a large net profit it is necessary to reduce operating costs. The findings of the research on the effect of operating costs on net profit are consistent with the hypothesis and framework proposed, that operating expenses negatively affect net profit. In this case, it means that if operating costs are depressed or decreased, it will be followed by increase in net profit obtained by the company **[18]** and **[19]**, but the findings contradict the findings **[20]** and **[21]** which argue that production costs have a significantly positive impact on net profit. The results of the study are explained using data from 5 out of 6 manufacturing companies in the household and cosmetics sector, 5 of which are coded ADES, KINO, TCID, MRAT, and UNVR. For example of a research company that has seen a significant increase and decrease in operational costs is PT Akasha Wira International Tbk (ADES) where operational costs decreased in 2018-2019 by 5.9% from 305,421 in 2018 to 288,360 in 2019, while net profit increased by 36.8%, from 52,958 in 2018 to 83,885 in 2019.

*The Effect of Sales Volume on Net Profit*

Based on the results shown in the partial test, the value of the sales volume coefficient of 0.790723 and the probability value of 0.0000, the value is smaller than the significance level of 0.05 or 5%, it can be concluded that $H_{03}$ rejected and $H_{a3}$ accepted which means that the sales volume has a partial significant negative effect on net profit. The regression coefficient of positive sales volume can mean that an increase in sales volume is followed by an increase in net profit obtained by the company. So to obtain a large net profit, it is necessary to reduce operational costs. The findings of the research on how the effect of sales volume on net income are consistent with the framework and hypothesis proposed, that sales volume has a significant positive effect on net income **[22], [23], [19]**, but the findings contradict the findings that argue that sales have no significant effect on net profit **[24]**. The results of the study are explained using data from 6 manufacturing companies in the household and cosmetics sectors, whose data supported the idea that an increase in sales volume would result in an increase in net profit. The six companies have codes ADES, KINO, MBTO, TCID, MRAT, and UNVR. For example of a research company that saw a significant increase and sales volume was PT Kino Indonesia Tbk (KINO), where sales volume increased by 22.5% in 2018-2019, from 3,622,694 in 2018, and amounted to 4,678,868 in 2019, while net profit also increased by 70.8% from 2018-2019, namely from 150,116 in 2018, and 515,602 in 2019.

## IV. CONCLUSION

Based on research findings based on observations of 30 cosmetics and household manufacturing Icompanies Ilisted on the IIndonesia IStock Exchange from 2017 to 2021, the following conclusions can be stated. The three independent variables in the study have results that are consistent with the hypothesis proposed by the researcher, namely, production costs and operational costs have a significant negative effect on net profit. This means that any suppression or reduction in Iproduction costs will be followed by an increase in net profit generated by cosmetics and household manufacturing companies listed on the Indonesia IStock IExchange in 2017-2021. Furthermore, the sales volume research variable has a significant positive effect on net profit. This means that any increase in sales volume will be followed by an increase in the net profit of manufacturing companies in the cosmetics and household subsectors listed on the Indonesia IStock IExchange in 2017-2021. Therefore, companies in the cosmetics and household sub-sectors are expected to be able to maximize their profits by emphasizing and controlling their production and operational costs. Then the company can also increase profits by maximizing company sales. Furthermore, the researcher hopes that further researchers can continue the research with its novelty, namely by using other company sectors and the latest research year, as well as by adding other variables related to the company's net profit.

## REFERENCES

[1] Kementerian Ketenagakerjaan Republik Indonesia, "Survei Kemnaker : 88 Persen Perusahaan Terdampak Pandemi Covid-19," *kemnaker.go.id*, 2020. https://kemnaker.go.id/news/detail/survei-kemnaker-88-persen-perusahaan-terdampak-pandemi-covid-19

[2] Silalahi, Agung Nawi Purba, Exaudi Edo Sihombing, and P. Mohd Indonesia, "The Effect Of Profitability, Liquidity and Leverage on Stock Returns In The Food And Beverage Subsector Manufacturing Companies on The Indonesia Stock Exchange For The 2017-2020 Period," *Management Studies and Entrepreneurship Journal*, vol. 3, no. 3, pp. 898–910, 2022, [Online]. Available: http://journal.yrpipku.com/index.php/msej

[3] Y. Suharya, S. Sutrisno, and R. Nurmilah, "Pengaruh Biaya Produksi Terhadap Laba Bersih Cv. Berkah Jaya General Supplier Snack Food," *Jurnal Bina Akuntansi*, vol. 8, no. 2, pp. 145–167, 2021, doi: 10.52859/jba.v8i2.161.

[4] B. & Houston, *Dasar-dasar Manajemen Keuangan*, 11th ed. Jakarta: Salemba Empat, 2014.

[5] Rudianto, *Penganggaran*. Jakarta: Erlangga, 2009.

[6] W. N. Ardhianto, *Buku Sakti Pengantar Akuntansi*. Yogyakarta: Quadrant, 2019.

[7] Mulyadi, *Akuntansi Biaya, Edisi*, 6th ed. Yogyakarta: STIE YKPN, 2005.

[8] E. Dahan and V. Srinivasan, "The impact of unit cost reductions on gross profit: Increasing or decreasing returns?," *IIMB Management Review*, vol. 23, no. 3, pp. 131–139, 2011, doi: 10.1016/j.iimb.2011.06.004.

[9] S. Harahap, *Teori Akuntansi*, 11th ed. Jakarta: Raja Grafindo, 2011.

[10] Sujarweni, *Sistem Akuntansi*. Yogyakarta: Pustaka Baru Press, 2015.

[11] Hery, *Akuntansi dan Rahasia Dibaliknya*. Jakarta: Bumi Aksara, 2012.

[12] F. Hussein, S.H., Kusairi, S., Ismail, "The impact of educational tourism on economic growth: A panel data analysis," *International Journal of Business and Globalisation*, vol. 28, no. 1–2, pp. 172–192, 2021, doi: 10.1504/IJBG.2021.115301.

[13] E. S. Ramadita and L. Suzan, "Pengaruh Biaya Produksi, Debt to equity ratio, dan Perputaran Persediaan Terhadap Profitabilitas," *Jurnal ASET (Akuntansi Riset)*, vol. 11, no. 1, pp. 159–168, 2019, doi: 10.17509/jaset.v11i1.17440.

[14] A. A. Fathony and Y. Wulandari, "Pengaruh Biaya Produksi Dan Biaya Operasional Terhadap Laba Bersih Pada PT.Perkebunan Nusantara VIII," *Jurnal Ilmiah Akuntansi*, vol. 11, no. 1, pp. 43–54, 2020.

[15] D. Kusumo and R. Afandi, "Table Of Content Article information ........................................... Rechtsidee," *Indonesian Journal of Innovation Studies*, vol. 13, no. 3, pp. 1–12, 2020.

[16] R. Rohmat and Suhono, "Pengaruh biaya produksi dan biaya operasional terhadap laba bersih The effect production cost and operating cost on net profit," *Jurnal Akuntansi dan Keuangan*, vol. 18, no. 2, pp. 247–254, 2021.

[17] S. Suparno and G. M. Sajili, "The Effect of Production and Sales Costs on Net Income in Automotive Subsector Manufacturing Companies and Other Components Listed on The Idx," *Jurnal Riset Akuntansi Terpadu*, vol. 14, no. 1, 2021, doi: 10.35448/jrat.v14i1.8689.

[18] L. Suzan and N. M. Siallagan, "Effect of Operating Costs, Total Debt, and Sales Volume on Net Profit (Study on Coal Sub-Sector Mining Companies Listed on the Indonesia Stock Exchange for the 2017-2019 Period)," *Owner*, vol. 6, no. 1, pp. 72–84, 2022, doi: 10.33395/owner.v6i1.521.

[19] Y. Ariesa, Della, P. Fransiska, and S. Falensia, "The Effect of Operating Costs , Trade Payables & Sales on Net Income in the Food & Beverage Company Sector Listed on the Indonesian Stock Exchange for the Period 2015-2018," *Budapest International Research and Critics Institute - Jorunal*, vol. 3, pp. 2686–2699, 2020.

[20] H. Oktapia, Manullang, "ANALISIS PENGARUH BIAYA PRODUKSI DAN BIAYA OPERASIONAL TERHADAP LABA BERSIH PADA PT MAYORA INDAH TBK DI BURSA EFEK INDONESIA (BEI)," *Jurnal Ilmiah Akuntansi Bisnis Dan Keuangan*, vol. 11, no. 2, pp. 37–45, 2017, doi: 10.1179/026143408X363596.

[21] L. Suzan and H. Q. Ayunina, "Pengaruh Volume Penjualan Dan Biaya Operasional Terhadap Laba Bersih Pada Perusahaan Manufaktur Sub Sektor Otomotif Dan Komponennya Yang Terdaftar Pada Bursa Efek Indonesia Periode 2016-2019," *Jurnal Ilmiah Mahasiswa Akuntansi) Universitas Pendidikan Ganesha*, vol. 13, no. 2, pp. 497–508, 2022.

[22] L. S. Sausan Nabilah R, "Effect of production Costs and Sales on the Company's Net Profit," *Jurnal Akuntansi*, vol. 24, no. 2, p. 169, 2020, doi: 10.24912/ja.v24i2.689.

[23] N. H. Rizka Suci Indriyanti, "THE INFLUENCE OF WORKING CAPITAL, SALES AND OPERATING COST ON NET PROFIT (Empirical Study on Manufacturing Company Sector Consumer Goods Industry Listed in Indonesia Stock Exchange Period 2015 - 2017)," *International Journal of Accounting, Taxation, and Business*, vol. 1, no. 1, pp. 1–15, 2020, doi: https://journal.unsika.ac.id/index.php/IJATB.

[24] A. Zahara and R. Zannati, "Pengaruh Total Hutang, Modal Kerja, Dan Penjualan Terhadap Laba Bersih Pada Perusahaan Sub Sektor Batu Bara Terdaftar Di Bei," *Jurnal Riset Manajemen dan Bisnis (JRMB) Fakultas Ekonomi UNIAT*, vol. 3, no. 2, pp. 155–164, 2018, doi: 10.36226/jrmb.v3i2.108.