

## **The Influence of Company Age, Inventory Turnover, Leverage, and Company Size on Profitability (Empirical Study of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange for the Period 2019-2022)**

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### **ABSTRACT**

This study aims to obtain empirical evidence on the influence of company age, inventory turnover, leverage, and company size on profitability. Profitability is important for companies because it can be used to measure the company's ability and support the company's sustainability. In addition, profitability is also important for investors regarding the importance of paying attention to the financial condition of the company where capital is invested and making investment decisions. The objects in this study are all food and beverage sector companies listed on the Indonesia Stock Exchange for the period 2019-2022. Sampling in this study used the purposive sampling method. The data used are secondary data, namely annual reports and company financial reports and are tested using multiple linear regression equations. The results of this study indicate that (1) company age has a significant positive effect on profitability, (2) inventory turnover does not affect profitability, (3) leverage has a significant negative effect on profitability, (4) company size does not affect profitability. Company age, inventory turnover, leverage, and company size have a significant simultaneous effect on profitability.

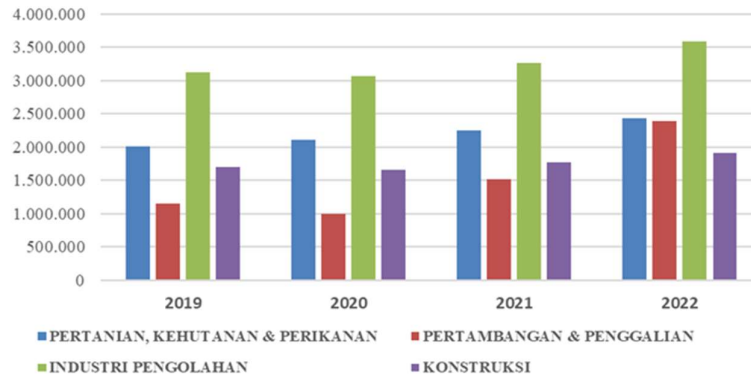


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## **INTRODUCTION**

In this era of globalization, competition in the business world is increasingly competitive and tight. The more development company Which own potential especially in the industrial sector. The industrial sector is very important for economic development because it has the ability to drive economic growth. One of the industrial sectors that participates in the country's economic growth is manufacturing companies. Manufacturing is A body business or company Which producing finished goods from raw materials using tools, equipment, production machines, And and so on in scale production Which large. Production results with value plus That Then for sale to consumer through network distribution from wholesale to retail level, so that it reaches the hands of consumers. Apart from the raw materials raw become product So, company manufacturing Also covers the industry that process goods raw become goods half So, or goods semi-finished products become finished goods (Idris, 2021).

Manufacturing companies have the aim of fulfilling basic needs, like food consumption and also non food for society. The following graph shows the contribution of the economic sector to Indonesia's GDP based on data obtained from the Central Statistics Agency.

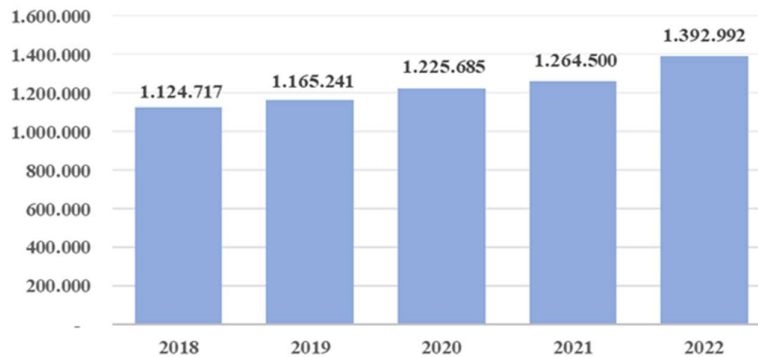


Source: Badan Pusat Statistik

**Figure 1. Contribution Sector Economy to GDP Indonesia**

Based on Figure 1, manufacturing companies are an economic sector that recorded as sector with contribution highest every the year. In 2022, the manufacturing sector contributed 18.34% to Indonesia's GDP. Making the manufacturing industry the largest supporter of Indonesia's GDP. According to the Ministry of Industry of the Republic of Indonesia, Indonesia has reached 5th position in the world manufacturing industry after Germany, Japan, South Korea, and China. This fact is certainly a great opportunity for business people, especially the manufacturing industry manufacturing.

In industry manufacturing there is three sector that is sector industry base and chemical, miscellaneous industry sector, and consumer goods sector. These three sectors have various sub-sectors within them. In this study, the researcher used the food and beverage sub-sector from the consumer goods sector. Consumer goods or finished goods are products purchased by consumers and used for personal or household needs (Mardiastuti, 2022). The following is the average monthly consumption data for the Indonesian people:



Source: Badan Pusat Statistik

**Figure 2. Average Consumption Public Indonesia Year 2018 – 2022**

The consumer goods industry is one of the most interesting industries because industry This produce product Which always used And needed by the community, this can be seen from the image above which shows an increase in public consumption in Indonesia every year. So the sustainability of one of the manufacturing sub-sectors is considered very good and will continue increase, remember consumption public Indonesia Which Keep going experienced an increase.

Based on data from Body Center Statistics, consumption Indonesia experienced the highest increase in 2022 of 10.16% or IDR 128,492 compared to 2021. According to the Badan Pusat Statistik (BPS) in a press conference on economic growth in November 2022, he said, The increase was due to the purchasing power of the upper middle class to meet need tertiary, as well as Power buy public lower Which helped by the assistance and subsidies provided by the government. So that public consumption contributes 50.28% to the Indonesian economy. Consumer goods Also known as goods finished use. On industry manufacturing In the consumer goods sector, there are several sub-sectors, including the food sub-sector and drink, cigarette, pharmacy, cosmetics and needs House ladder, And household appliances.

Food expenditure is greater than non-food consumption. food. Average every month, inhabitant Indonesia use up IDR 665,757 per month for food, and IDR 662,025 for non-food (Emeria, 2022).

The Covid-19 pandemic conditions that occurred in 2020 caused a decrease in the percentage of growth in the food and beverage industry. If, comparing the percentage increase in the manufacturing industry in 2019 and 2020 when the Covid-19 pandemic occurred. In 2019, the food and beverage industry recorded 1.02 quadrillion and experienced an increase of 9.22%. The difference is quite significant, when the food and beverage industry only take notes increase 3.94%. However, slowly industry food And drinks experience increase as big as 6.09% on year 2021, And 10.41% on year 2022. In 2022, the food and beverage industry successfully contributed 34.5% of the 3.59 quadrillion manufacturing sector contribution to Indonesia's GDP or 1.23 quadrillion.

The food and beverage industry also plays a significant role in exports, The government noted that the growth in export value for food and beverage (mamin) products continues to increase along with the post-Covid-19 pandemic. Total export value food And drink processed Indonesia on 2018 is USD 4.00 billion and to USD 5.26 billion in 2022 (Ministry of Trade of the Republic of Indonesia, 2023). The food and beverage industry is one of the main drivers of growth in the non-oil and gas processing sector, supported by the abundance of natural resources and increasing demand from the domestic market. The food and beverage industry was able to attract investment of IDR 21.9 trillion until the second quarter of 2022 and absorb up to 1.1 million workers (Ministry of Industry of the Republic of Indonesia, 2022).

The large contribution that the food and beverage industry makes to GDP and exports, makes the food and beverage industry a priority because own opportunity And development Which rapidly. Indonesia has great potential to compete in the industry. Therefore, digital transformation is needed as one way to compete globally (Ministry of Communication and Information of the Republic of Indonesia, 2023). The increasing consumption of the Indonesian people, especially in the food and beverage industry, has increased the competitiveness of business actors. Efforts to increase Power competition industry food And drink Which currently operate currently seen through the expansion that is being carried out. In order for this expansion to be realized, food and beverage industry companies need help from investors and creditors to meet funding needs.

Objective main company is maximize profit. Profitability is one of the pillars that determines the health of a company; to evaluate it required tool analysis. By Because That, every entity companies want to increase their profitability; the more profitable a corporate entity is, the more likely it is to survive. Maximum profitability must achieved (Wang et al., 2022). Profitability or ability to gain profit is a parameter used to assess the extent to which a company is able to generate profits according to its wishes. The higher the level of profitability of the company, the greater its ability to generate profits. The success of the company in achieving its goals depends largely on its ability to generate profits.

The first factor that affects profitability is the age of the company The age of the company is the length of time the company has been established. The age of the company shows that the company has been able to maintain its existence, is able to compete with similar companies, so that it is able to maintain the sustainability of its business (Ali, 2019). The older a company is show his ability For endure in middle change which continues over time. This shows that the company is more profitable than new companies because this condition makes it easier for the company to determine the right method to achieve their goals in an effective, efficient way and generate increased profits.

The next factor that affects profitability is inventory turnover. Turnaround supply or Inventory Turnover measure How many times the average inventory is sold during the period. The purpose is to measure the liquidity of inventory. Inventory turnover is calculated by dividing cost of goods sold by average inventory during the period (Weygandt & Kimmel, 2022). Supply is asset Which experience turnover and shows how much inventory is sold or replaced in a year.

The third factor that affects profitability is leverage. Leverage is the use of sources of funds from outside the company that have a fixed burden or cost, meaning sources of funds that come from loans and because they have interest as a fixed burden with the intention of increasing shareholder profits (Adria & Susanto, 2020). Leverage is used as a measuring tool to determine how much the company is financed by capital loans (Murthi et al., 2021). Leverage In this study, it is proxied by the Debt to Equity Ratio (DER). DER can show investors the analysis restructuring company Which produce various risk debt. Ratio large debts generate a large number of assets financed by the company's owners (Rahmawati & Hadian, 2022).

Factor final Which influence profitability is size company. Company size is a scale that is able to describe the size of a company which can be seen through sales results, total assets and market capitalization which have been presented in the form of a balance sheet report at the end of the year (Murthi et al., 2021). Companies that have a relatively large size own level sale Which tall as well as own total asset Which relative high too. This indicates that the assets owned by the company can be managed and utilized optimally.

## **LITERATURE REVIEW**

### **Signaling Theory**

Signal theory is a theory that explains that management will provide instructions or signals to external parties. The signals given are in the form of information about management performance, company prospects, and the company's financial condition. This is done by management because the parties in outside company or party external No can know condition that is happening in the company directly due to the existence of information asymmetry. Theory signal emphasize will importance information Which served by company to decision investment Which will done by investors. Because for investors and business people, information is an important element. For serve description about time Then until future. If the information presented by management is positive, the market will immediately react when the information is received. When the information has been received by market players, market players will analyze and interpret the existing information as a good or bad signal (Sunardi et al., 2021).

According to Septiana & Artati (2022), Signal theory states that good quality companies will deliberately give signals to the market so that the market is expected to be able to distinguish between good and bad quality companies. This signal is in the form of information about what has been done by management For to realize desire owner. Signal can be in the form of promotion or information Which explain that company is better than other companies. Signal theory provides signal to users of financial reports regarding the good or bad conditions company profitability. If profit company tall, matter the indicates profitability in the company is increasing, this information shows that the company have management with performance Which Good, so theory This can provide positive answer to profitability company. The signal that shown in profitability, namely the increase and decrease in profits (Afrianti & English: 2022). Profitability become information Which important for the investors, Because with know level profitability company, Investors can analyze the company's level of ability to generate profits (Pradnyaswari & Dana, 2022).

Signal theory provides signals to management in the form of information about condition profitability body business, whether Good and also bad. The signal that sent can inform investors and creditors about the condition of the business entity. Increases and decreases in profits are signals obtained in profitability (Syahrani et al., 2023). According to Ali (2019), Information in the form of ROA or level return to asset or Also how much profit is obtained from the assets used. Thus, if ROA tall so will become signal Which Good for for investors. Because with ROA tall show performance finance company the Good so Investors will be interested in investing their funds in the form of securities or shares. High demand for shares will increase the share price. High profitability indicates good company prospects, so that investors will respond positive signal the And mark company will increase.

### **Profitability**

According to Weygandt & Kimmel (2022), The profitability ratio is a ratio that measures the income or success of a company's operating activities in a period. time certain. Matter the in line with argumentation Septiana (2019) Ratio profitability This used For give description about effectiveness of management in carrying out its operational activities, where this effectiveness can be seen through the profits generated from the company's sales and investments. The profit obtained by the company can be seen through the difference between the income received by the company and the costs incurred by the company. Through this, it can be seen how successful a company is in running its business. In addition to being a picture to determine the success of a company, according to Nasir (2021) The profitability ratio, also known as the rentability ratio, is used to measure the company's ability to make a profit related to total assets, sales, and equity, with thus analysis profitability is matter which very important for long-term investors. Shareholder profitability analysis allows you to see how much profit you will get in the form of dividends. Profitability also shows the ability of the capital invested in the

total assets to generate profits for investors. The following are profitability ratios according to Weygandt & Kimmel (2022), namely:

$$\text{Return On Assets} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

### Company Age

Company age is the length of time the company has been established. Company age shows that the company has been able to maintain its existence, is able to compete with similar companies, so that it is able to maintain the sustainability of its business (Ali, 2019). Meanwhile, according to Mahdiana & Amin (2020), Age company show how much long company can compete to take advantage of business opportunities in the economy. This statement is in line with the statement of Amiyanto & Sutrisno (2022), which states that Company age is a measuring tool to determine the length of the company's influence in operations on its financial performance. Company age can show the company's consistency in competing and taking advantage of business opportunities in an economy. Company age is the length of life or cycle of a company, this is usually associated with the learning process experienced by the company. Companies that have high experience can certainly manage their profits well (Fitriani, 2022). According to Yunita & Ramadhana (2022), company age is formulated as follows:

$$\text{Company Age} = \text{Year Annual Report} - \text{Year Establishment}$$

### Inventory Turnover

Supply is goods Which Still available in place storage of a company on date certain. Supply including to in assets for sale in activity operational or in process production in form raw materials and auxiliary materials that will be used in the production process. Inventory in Manufacturing companies are divided into three, namely raw material inventory, in-process inventory and finished goods inventory (Murifal et al., 2020). Supply is Wrong One assets fluent company. If companies have a lot of stockpiled inventory, and cannot resell it, this will increase the company's burden, but if the inventory turnover rate is high, it can minimize the company's storage burden (Sunardi et al., 2021). In Sugiarto & Sutapa (2022), Inventory turnover is a ratio used For measure ability company in the rotation inventory that will soon be returned to cash. Inventory turnover measures how many times, on average, a company sells inventory during the period. The purpose from ratio this is measure liquidity inventory (Weygandt & Kimmel, 2022). According to Weygandt & Kimmel (2022), the inventory turnover ratio is formulated as follows:

$$\text{Inventory Turnover} = \frac{\text{Cost of Good Sold}}{\text{Average Inventory}}$$

Average Inventory can counted by :

$$\text{Average Inventory} = \frac{\text{Inventory } t + \text{Inventory } t-1}{2}$$

### Leverage

Leverage is the use of sources of funds from outside the company that have a fixed burden or cost, meaning sources of funds that come from loans and have interest as a fixed burden with the aim of increasing profits. holder share (Adria & Mr. Susanto, 2020). Leverage is a ratio used to measure how much use of funds on debt burdens must be borne by a company that has financed it in order to fulfill a company's assets (Murthi et al., 2021). According to Yusnita (2023), Leverage is ability company in operate asset Which owned company Which originate from loans (debt) in order to produce good returns and can reduce cost. Leverage finance company will impact on profit per share, the company's risk level, and the company's stock price A company that has more debt than equity is

considered to be company which has a high level of leverage (Aurelia et al., 2022). Leverage In this study is proxied by the Debt to Equity Ratio (DER). DER can show investors an analysis of corporate restructuring that results in various debt risks. A large debt ratio results in a large number of assets financed by the company's owners (Rahmawati & Hadian, 2022). Debt to Equity Ratio (DER) shows the company's ability to manage existing liabilities and capital available in the company (Sayekti & Santoso, 2020). According to Aslah (2020), Leverage can formulated as following:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100$$

### Company Size

Company size describes the size of the company. Determining the size of the company can be determined based on total sales, total assets, and average level sale. Company Which size big have various advantages compared to company size small (Ali, 2019). Murthi et al., (2021) Company size is a scale that can describe the size of a company which can be seen through sales results, total assets and market capitalization which have been presented in the form of a balance sheet report at the end of the year. Company size is a scale on which the size of a company can be classified in various ways (log size, total assets, stock market value, etc.) (Adria & Susanto, 2020). Company size on study This is measured using  $\ln(\text{Total Asset})$ , To reduce data fluctuations excessive so that amount asset Which worth hundreds billion or even trillions can be simplified, without changing the proportion of the actual total assets (Lestari & Agustiningsih, 2023). According to Lilia et al. (2020) Company size can be formulated as follows:

$$\text{SIZE} = \ln(\text{Total Assets})$$

### Framework

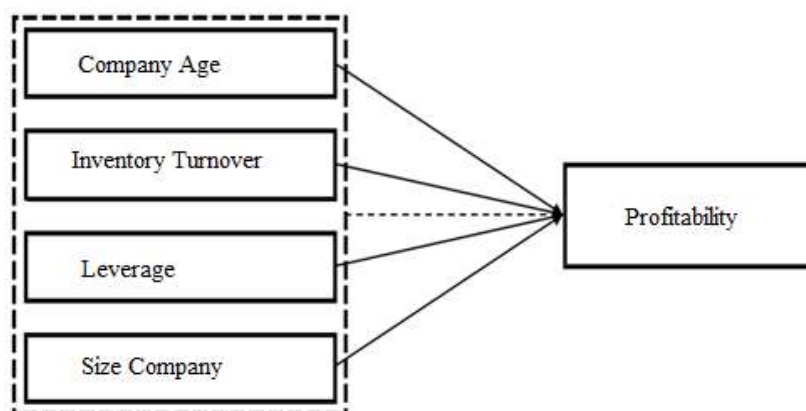


Figure 3. Framework

Referring to the framework of thought above, the hypothesis proposed in this study is:

- H1: Age company influential positive to profitability
- H2: Inventory Turnover influential positive on profitability
- H3: Leverage has a negative effect on profitability
- H4: Size company influential positive on profitability

### RESEARCH OF METHODS

In this study, the objects used are food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the period 2019-2022. The research objects used in this study are manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange during the period 2019-2022. The financial statements studied are financial statements with a period ending December 31, 2019-2022. The research method used in this study is Causal study. According to Sekaran & Bougie (2020), Causal study is a study conducted For build connection because And

consequence between variable. Objective of causal study is to state that variable X (independent) influences variable Y (dependent) Study This analyze connection cause and effect between the dependent variable, namely Profitability, and the independent variable, namely Age Company, Inventory turnover, Leverage, and Size Company. Type data which used in study this is secondary data which in the form of annual financial reports of manufacturing companies listed on the IDX consecutively during the period 2019-2022. The financial reports in this study were obtained through [www.idx.go.id](http://www.idx.go.id) as the official website of BEI and the official website of each company if the financial reports are not yet available on the Indonesia Stock Exchange. Population refers to the entire group of people, events or things of interest that want to researcher investigate (Now & Bougie, 2020). Population in study is a food and beverage company listed on the Indonesia Stock Exchange in the period 2019-2022. The sampling technique used in this study is purposive sampling. Purposive sampling is a sampling design where the required information is collected from a specific or specific target or group on several criteria that have been set by the researcher (Sekaran & Bougie, 2020). Data analysis in this study used statistical analysis methods with the help of IBM SPSS software version 25.

## RESULTS AND DISCUSSION

### Descriptive Statistical Test

Descriptive statistics function to provide a description or overview of something. data Which seen from mark average (mean), standard deviation, maximum, minimum, and range of the independent and dependent variables to be used on study This. Data Which used in study This are Profitability (ROA), Company Age (AGE), Inventory Turnover (IT), Leverage (DER), and Company Size (SIZE).

**Table 1. Results of Descriptive Statistical Tests**

|      | Mean      | Maximum | Minimum | Standard Deviation |
|------|-----------|---------|---------|--------------------|
| ROA  | 0.101819  | 0.4169  | 0.0001  | 0.738448           |
| AGE  | 36,850000 | 93,0000 | 10,0000 | 17.9810730         |
| ITO  | 6.266428  | 20,0042 | 0.9109  | 3.3613840          |
| DER  | 0.753908  | 2,4650  | 0.1085  | 0.5615505          |
| SIZE | 28.860030 | 32,8264 | 26.2465 | 1,5812600          |

Source: Results from SPSS

Based on table on, show results descriptive statistics to know mark average (mean), standard deviation, maximum, minimum, And range of independent and dependent variables that will be used in the research This. Profitability Which proxied with Return on Assets (ROA) has a minimum value of 0.0001 which occurred at Buyung Poetra Sembada Tbk (HOCKEY) on year 2022 with mark maximum as big as 0.4169 owned by Multi Bintang Indonesia Tbk (MLBI) in 2019. Range Return On Assets (ROA) of 0.4168, with an average of 0.101819, to signify that company in sample own ability to earn a net profit of 10.18% of total assets owned. The standard deviation value was recorded at 0.738448.

The independent variable of company age (AGE) has a minimum and maximum value. maximum as big as 10 year And 93 year with difference as big as 83 years. The minimum value occurred in the company Indofood CBP Sukses Makmur Tbk (ICBP) in 2019, and the maximum value occurred in 2022 in the company Multi Bintang Indonesia Tbk (MLBI). The average (mean) of the company age variable was 36.85 years during 2019-2022. The standard deviation of the company age was 17.9810830, This means that the distance between the deviation and the average of the research data is 17.9810830.

Next, the second independent variable is inventory turnover. Inventory Turnover (IT) has a range of 19.0934 with a minimum value that occurred in the Delta Djakarta Tbk (DLTA) company of 0.9109 in 2020. The maximum value of the Inventory Turnover (IT) variable was 20.00424 in the Nippo Indosari Corpindo Tbk (ROTI) company in 2019. The average (mean) is 6.266428, indicating that the companies in the research sample have an average ability of 6.266428 times turnover. The standard deviation is 3.3613.

Independent variable furthermore is Leverage (DER) Which have a difference (range) as big as 2.3565, with minimum and maximum values of 0.1085 and 2.4650 occurred at the company Wilmar Cahaya Indonesia Tbk (CEKA) And Shoots New Lampung Tbk (TBLA) year 2022. Average (Mean) to



achieve 0.753908, show that as much as 75.39% company in sample study No depend on debt as capital, but use equity to run their business operations. The standard deviation of the DER variable is 0.5615505.

The last variable is company size (SIZE) which has a minimum value of 26.2465 in the Wahana Interfood Nusantara Tbk (COCO) company in 2019, and a maximum value of 32.8264 in the Indofood Sukses Makmur Tbk (INDF) company in 2022. The difference between the minimum and maximum values of company size is 6.5799. The mean for the company size variable (SIZE) is 28.860030, with a standard deviation of 1.5812600.

### Classical Assumption Test

Before applying the regression model, the classical assumption test is performed to determine whether the residual variables in the regression mode have a norm distribution I.

#### a. Normality Test

The normality test is used to assess whether the disturbance or residual variables in model regression follow distribution normal. In study Here, testing will be carried out using the Kolmogorov-Smirnov method and the Monte Carlo approach.

**One-Sample Kolmogorov-Smirnov Test**

|                                  |                         | Unstandardized Residual |
|----------------------------------|-------------------------|-------------------------|
| N                                |                         | 80                      |
| Normal Parameters <sup>a,b</sup> | Mean                    | ,0000000                |
|                                  | Std. Deviation          | ,06229939               |
| Most Extreme Differences         | Absolute                | ,113                    |
|                                  | Positive                | ,113                    |
|                                  | Negative                | -,054                   |
| Test Statistic                   |                         | ,113                    |
| Asymp. Sig. (2-tailed)           |                         | ,013 <sup>c</sup>       |
| Monte Carlo Sig. (2-tailed)      | Sig.                    | ,239 <sup>d</sup>       |
|                                  | 95% Confidence Interval | Lower Bound             |
|                                  |                         | Upper Bound             |
|                                  |                         | ,230                    |
|                                  |                         | ,247                    |

a. Test distribution is Normal.  
b. Calculated from data.  
c. Lilliefors Significance Correction.  
d. Based on 10000 sampled tables with starting seed 2000000.

Source: Results from SPSS

**Figure 4. Normality Test Results**

Based on the results of the normality test using the Kolmogorov-Smirnov Test, the Test Statistic results were 0.121 and a significant value. with Monte Carlo Sig. (2-tailed) of 0.239. The data results show that mark significance residual more from 0.05, show that The residual data distribution is normally distributed.

#### b. Multicollinearity Test

The multicollinearity test aims to test whether the regression model is found existence correlation between variable free (independent). Model A good regression should not have any correlation between the independent variables. If variable independent each other correlated, so variables This not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero (Ghozali, 2021). The following are the results of the multicollinearity test:

**Table 2. Multicollinearity Test Results**

|      | Tolerance | VIF   |
|------|-----------|-------|
| AGE  | 0.903     | 1,108 |
| ITO  | 0.919     | 1,088 |
| DER  | 0.740     | 1,351 |
| SIZE | 0.829     | 1,207 |

Source: Results from SPSS

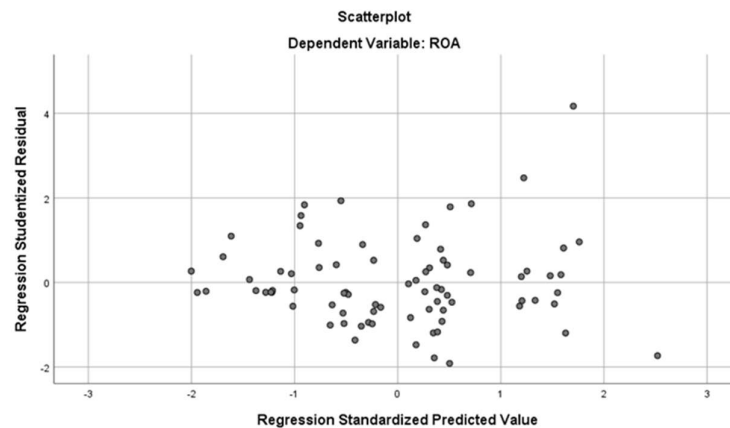
Based on table on, overall mark Tolerance more big of 0.10 and the VIF value is less than 10, so it can be stated that all independent variables, namely Company Age (AGE), Inventory Turnover (IT),



Leverage (DER), and Company Size (SIZE) do not experience multicollinearity in the regression model of this study.

#### c. Heteroscedasticity Test

The Heteroscedasticity Test is used to determine whether there is inequality in the variance of the residuals between observations in a regression model. A regression model that is considered good is one that is homoscedastic or does not experience heteroscedasticity. The following are the results of the heteroscedasticity test:



Source: Results from SPSS

**Figure 5. Heteroscedasticity Test Results**

Scatterplot graph shown in the figure, it can be seen that the points are randomly spread on both sides of the 0 line on the Y axis. There is no clear pattern or regular pattern such as waves, expansion, or narrowing. From these results, it can be concluded that there is no indication of heteroscedasticity in the model. the regression being analyzed.

#### d. Autocorrelation Test

The autocorrelation test in this study uses the Breusch-Godfrey or is called the Serial Correlation Langrange Multiplier Test. The criteria for assessing the autocorrelation test are if the Prob. > 0.05 implies that there is no autocorrelation, whereas 0.05 indicates the presence of autocorrelation. The results of the autocorrelation test are shown in Table 5:

**Table 3. Autocorrelation Test Results**

| Monte Carlo Sig. (2-tailed) | Conclusion         |
|-----------------------------|--------------------|
| 0,091                       | No Autocorrelation |
| 0,091                       | No Autocorrelation |

Source: Results from SPSS

Based on the table above, the results of the autocorrelation test with the test show a significance value from the Run Test results of 0.091, which indicates that there is no autocorrelation in the regression model. because the significance value exceeds 0.05.

### Hypothesis Testing

#### a. Correlation Coefficient and Determination

The correlation coefficient test aims to assess how strong the linear relationship is between two variables, namely the dependent variable and the independent variable. Here are the results of the correlation coefficient test:

**Table 4. Results of the Determination Coefficient Test**

| R     | R-Square | Adjusted R Square | Std. Error of the Estimate |
|-------|----------|-------------------|----------------------------|
| 0.537 | 0.288    | 0.250             | 0.0639391                  |

Source: Results from SPSS

From the data listed in the table above, it is known that the correlation between the independent variable and the dependent variable is 0.537, indicating a unidirectional relationship between the independent and dependent variables with a relationship strength above 0.5. The number 0.5 indicates that the level of the relationship is moderate. This can be seen from the fact that the correlation coefficient (R) value is in the classification range of 0.40-0.70. The adjusted R Square value obtained is 0.250, Which indicates that as big as 25% variation In Profitability as measured by Return on Assets can be explained by Company Age, Inventory Turnover, Leverage, and Company Size, temporary the rest explained by variable which no tested in this study. The Standard Error of the Estimate obtained is 0.0639276, indicating that the smaller the value, the more accurate the regression model is in predicting the dependent variable, namely profitability.

b. Simultaneous Test (F)

The F statistical test is used to determine whether all independent variables entered into the regression model have a joint influence on the dependent variable. The following are the results of the F statistical test:

**Table 5. Simultaneous Test Results (F)**

|            | F - Statistics | Significant |
|------------|----------------|-------------|
| Regression | 7,593          | 0,000       |

Source: Results from SPSS

From the data listed on Table 4.8, obtained the statistical test value F of 7.593 with a significance level of 0.000. The significance value 0,000 more small from 0.05, Which indicates that All independent variables, such as Company Age (AGE), Inventory Turnover (IT), Leverage (DER), and Company Size (SIZE), together have a significant influence on the dependent variable, namely Profitability (ROA).

c. Partial Test (T)

The t-statistic test is used to evaluate how effectively one explanatory variable (independent variable) can individually explain the variation of the dependent variable. The following are the results of the t-statistic test:

**Table 6. Partial Test Results (T)**

|          | Unstandardized Coefficients |            | Standardized Coefficients Beta |        |       |  |
|----------|-----------------------------|------------|--------------------------------|--------|-------|--|
|          | B                           | Std. Error |                                | t      | Sig   |  |
| Constant | 0.016                       | 0.140      |                                | 0.112  | 0.911 |  |
| AGE      | 0.002                       | 0,000      | 0.515                          | 5,018  | 0,000 |  |
| ITO      | -0.002                      | 0.002      | -0.085                         | -0.841 | 0.403 |  |
| DER      | -0.052                      | 0.015      | -0.397                         | -3,504 | 0.001 |  |
| SIZE     | 0.002                       | 0.005      | 0.044                          | 0.412  | 0.681 |  |

Source: Results from SPSS

The results of the t-statistic test for the company age variable (AGE) have a t-value of 5.018 with a significance value of 0.000 which means it is smaller than 0.05. Therefore, it can be concluded that Ha1 is accepted so that company age (AGE) has a positive and significant effect on profitability. This is the same as Ali (2019) that profitability is influenced by company age.

Results from test statistics t For variable turnaround supply (IT) has a t value of -0.841 with a significance value of 0.403 which means it is greater than 0.05. Therefore, it can be concluded that Ha2 is rejected because inventory turnover proxied by IT does not have a significant effect on profitability. This is in line with the research of Rondonuwu et al. (2021), that profitability is not affected by inventory turnover. On the contrary study This No in line with Murthi et al., (2021) who stated that inventory turnover has an influence on profitability.

The results of the t-statistic test for the leverage variable (DER) have a value of t of -3,504 with mark significance 0.001 which means smaller than 0.05. Therefore, it can be concluded that Ha3 is accepted so that leverage (DER) has a negative and significant effect on profitability. This is the same as the research Murthi et al. (2021) that profitability is influenced by leverage.

The results of the t-statistic test for the company size variable (SIZE) have a t-value of 0.412 with a significance value of 0.682, which means it is greater than 0.05. Therefore, it can be concluded that Ha4 rejected Because size company Which proxied with natural logarithm does not have a significant effect on profitability. This is in line with the research of Sugianto & Meirisa (2023) that company size is not significant on profitability. On the other hand, this study is not in line with Murthi et al., (2021), which states that company size has an influence on profitability.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

The findings of this study are as follows:

1. The Company Age variable (AGE) has a significant positive effect on ROA. This can be seen from the t-test value of 5,038 with a significant value less than 0.05, which is 0.000. Based on the results of this study, it can be concluded that Ha1 is accepted. The results of this study are in line with Ali's (2019) research which found that Company Age (AGE) has a positive and significant effect on Return On Assets (ROA).
2. The Inventory Turnover (IT) variable does not have a significant positive effect on ROA. This can be seen from the t-test of -0.348 with a significant value greater than 0.05, which is 0.729. Based on the results of this study, it can be concluded that Ha2 is rejected. This is in line with the research of Rondonuwu et al. (2021) which found that Inventory Turnover (IT) did not have a positive and significant effect on Return On Assets (ROA).
3. Leverage variable (DER) has a significant negative effect on ROA. This can be seen from the t-test value of -3.655 with a significant value less than 0.05, which is 0.000. Based on the results of this study, it can be concluded that Ha3 is accepted. The results of this study are in line with the research of Aurelia et al. (2022) which found that Leverage (DER) had a negative and significant effect on Return on Assets (ROA).
4. The Company Size variable (SIZE) does not have a significant positive effect on ROA. This can be seen from the t-test of 0.290 with a significant value greater than 0.05, which is 0.773. Based on the results of this study, it can be concluded that Ha4 is rejected. This is in line with the research of Sugianto & Meirisa (2023) which found that Company Size (SIZE) does not have a positive and significant effect on Return On Assets (ROA).

### **Suggestions and Implications**

Suggestions that can be given to improve further research related to profitability are adding other variables that may possibly affect profitability calculated using Return On Asset (ROA) such as Intellectual Capital, Good Corporate Governance (GCG), and Debt to Asset Ratio (DAR). Using other research objects such as mining, transportation, pharmaceutical sectors, etc.

In increasing the company's profitability as proxied by Return On Assets (ROA), a high Company Age (AGE) is required. The age of a company is an indicator of its ability to survive the dynamics of change over time, showing solid growth and stability that has been built. Older companies have an advantage over new ones because they have a strong foundation and proven experience, which increases investor confidence. Long experience also creates a mature management system and a deep understanding of effective business strategies, allowing companies to better overcome challenges. Strategies such as product diversification, cooperation with suppliers, and efficient asset management are used to increase the profitability of long-standing companies. This ensures that investment in assets generates optimal profits for the company.

In increasing the company's profitability as proxied by Return On Assets (ROA), low Leverage (DER) is required. A low DER level indicates that the company relies more on equity than debt in its financing, thereby reducing the burden of interest payments that can burden the company. This can reduce the company's financial risk, because if there is a decrease in income or asset value, the fixed burden of interest payments will not significantly threaten the company's profitability or even its business continuity. Low interest rates can also have a positive impact on increasing the company's profits.

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