

The Influence Of Leverage, Firm Size And Sales Growth On Financial Performance At Pt Indocement Tunggal Prakarsa Tbk

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Article Info	Abstract
Received May 12, 2024	This research aims to determine and analyze the influence of <i>leverage</i> , <i>firm size</i> and <i>sales growth</i> on the financial performance of PT Indocement Tunggal Prakarsa Tbk. The type of research used is associative research. The research instrument used was tabulating financial report data for 15 years (2008-2022). The population in this study was 18 years (2005-2022). The sample in this research was for 15 years (2008-2022). The sampling technique used was <i>purposive sampling technique</i> . The data analysis techniques used are classical assumption testing, multiple linear regression analysis, correlation coefficient, coefficient of determination and hypothesis testing. The results of this study indicate that <i>leverage</i> and <i>firm size</i> have a partially significant negative effect on financial performance and <i>sales growth</i> has no effect and is not significant on financial performance, <i>leverage</i> , <i>firm size</i> and <i>sales growth</i> have a significant simultaneous effect on financial performance.
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INTRODUCTION

The rapid industrial growth in Indonesia makes competition between companies increasingly tight and competitive. Companies must grow and develop and efforts must be made to continue operating or carrying out activities because in general the company's goal is to generate profits. Several companies are interested in selling their ownership to the public to obtain sources of capital or funds for company development. Increasingly tight business competition requires companies to be superior and become an inspiration for other companies so that investors are interested and willing to invest in the company. Investors choose listed companies to become investment objects with the aim of obtaining greater returns (Risna and Putra, 2021).

The more rapid the development of cement companies in Indonesia, the tighter the competition becomes. Therefore, it requires every company to improve company performance in order to continue to exist in the face of competition and to develop and expand business fields (Alipudin, 2016). To face this competition, companies or company leaders must have a good strategy, especially in terms of efficiency and effectiveness in managing the company's existing funding sources. Every company is required to always improve its performance, including its financial performance, so that it can compete with other companies, so that the company will be able to guarantee its survival. One way to see a company's performance is from the financial reports that the company makes every year. Financial reports are used to determine or assess a company's financial position, where by analyzing these financial reports interested parties can use them as a decision making tool. Financial statement analysis is a method that can be used to find out whether the resulting financial ratios can be useful for predicting profit growth, including future financial conditions. If the company's financial condition is unsafe, managers can immediately carry out an evaluation to improve the company's finances to increase profit growth in the future (Nurfianti and Wulansari, 2021).

The company's financial performance can be obtained by analyzing financial reports. According to Sanjana (Sanjaya & Risky, 2018) said that financial analysis is the analysis of financial reports in a company, which is usually used to analyze the company's financial performance using the components of the balance sheet and profit and loss report to assess the company's profitability. In financial reports, the main focus is information about company profits. Profit information can describe the company's success in carrying out the company's operational activities. Profit can also reflect company performance. According to Lutifiana and Hermanto, (2021) *Return on Assets* (ROA) can be used as a tool to measure a company's financial performance.

Return on assets (ROA) is a ratio that can be used to determine the level of profitability of a company. ROA is a ratio that shows how much net profit a company earns when measured from asset value, in other words ROA is a comparison between net profit and total assets. The greater the ROA shows the better the company's performance, because the return is greater. In order to obtain maximum profits, the company requires a large amount of funds. The funds needed

by the company can be obtained in several ways, one of which comes from loans to external parties (debt). The loan must be returned according to the loan term. In running its business, a company is definitely involved in what is called debt. Debt is an obligation that must be paid by a company to another party within a certain period of time due to past transactions. The amount of company debt is closely related to *Leverage* (Nurfianti and Wulansari, 2021).

Leverage is also defined as a company's ability to pay its debts. The debt referred to in this case is long-term debt and current debt. *The leverage* ratio usually describes the extent to which an entity works using the debt it uses (Kasmir in Irawati et al., 2021). *Leverage* is expressed by calculating DER (*Debt to Equity Ratio*). DER is a ratio that describes the division of the amount of funds from the borrower with the company's capital. This ratio can show to what extent the capital provided by the owner can pay off externally sourced debts (Irawati et al., 2023).

The size of a company can generally be categorized as large or small. The size of a company can be determined from the total sales and total assets seen from the financial reports and the number of employees in the company. Firm size is a company scale which can be seen from the total assets at the end of the year. The total sales obtained can also be used as a benchmark to measure the size of the company. A large level of sales will indicate that the company has large capital and assets so that it can support production process activities on a large scale so that a large level of sales will certainly affect the value of a company. Large companies tend to need a good image in order to gain relations or investors. The larger the company, the greater the assumption that the company is known to the wider community, making it easier to increase the company's value. Company size is one of the factors that determines a company's ability to generate profits (Jaya, 2020).

Sales growth (*sales growth*) describes the company's sales achievements in the past, where sales growth is used to predict the company's achievements in the future, because the more funds the company has, the more diverse the assets the company owns, thus indicating that the sales growth produces large profits. Sales growth can also show a company's competitiveness in the market. If the company's sales growth is positive and increasing, it will indicate a large company value, which is the hope of the company owner. Investors use sales growth as an indicator to see the prospects of the company in which they will invest (Zhafira, 2019).

PT Indocement Tunggul Prakarsa, Tbk. is one of the leading cement producers in Indonesia which started operations on 4 August 1975 and on 5 December 1975 for the first time PT Indocement Tunggul Prakarsa Tbk. listed its shares on the Indonesia Stock Exchange (BEI) with the transaction code INTP.

The following is data on the use of total debt, total equity, total assets, sales and net profit at PT Indocement Tunggul Prakasa, Tbk

Table 1. Data on the use of total debt, total equity, total assets, sales and net profit at PT Indocement Tunggul Prakarsa, Tbk. 2008-2022
(Expressed in Millions of Rupiah)

Year	Total Debt (Rp)	Total Assets (Rp)	Sales (Rp)	Net Profit (Rp)
2008	2,764,976	11,286,706	9.780.496	1.745.500
2009	2.572.321	13.276.515	10.576.456	2.746.654
2010	2.245.547	15.346.145	11.137.805	3.224.941
2011	2.417.380	18.151.331	13.887.892	3.601.516
2012	3.336.422	22.755.160	17.290.337	4.763.388
2013	3.629.554	26.607.241	18.691.286	5.012.294
2014	4.100.172	28.884.973	19.996.264	5.274.009
2015	3.772.410	27.638.360	17.798.055	4.356.661
2016	4.011.877	30.150.580	15.361.894	3.870.319
2017	4.307.169	28.853.676	14.431.211	1.859.818
2018	4.566.973	27.788.562	15.190.283	1.145.937
2019	4.627.488	27.707.749	15.939.348	1.835.305
2020	5,168,424	27,344,672	14,184,322	1,806,337
2021	5,515,150	26.136.114	14,771,906	1,788,496
2022	6,139,263	25,706,169	16,326,278	1,842,434

Source: Secondary data that has been processed in 2024

In the data presented in table 1 above, it explains the condition of PT Indocement Tunggul Prakarsa, Tbk's financial report, total debt has increased from 2010 - 2022, although there was a decline in 2015, total assets have decreased from 2017 - 2020, sales have decreased. from 2015-2020 and net profit decreased from 2015-2021

Based on this problem phenomenon, researchers are interested in conducting research with the title "The Influence of *Leverage, Firm Size* and *Sales Growth* on the Financial Performance of PT Indocement Tunggul Prakasa, Tbk".

Formulation of the problem

1. Is there a significant partial influence of *leverage* on financial performance at PT Indocement Tunggal Prakarsa, Tbk?
2. Is there a significant partial influence of *firm size* on financial performance at PT Indocement Tunggal Prakarsa, Tbk?
3. Is there a significant partial influence of *sales growth* on financial performance at PT Indocement Tunggal Prakarsa, Tbk?
4. Is there a significant simultaneous influence of *leverage, firm size and sales growth* on the financial performance of PT Indocement Tunggal Prakarsa, Tbk?

Research purposes

1. To determine whether there is a significant influence of partial *leverage* on financial performance at PT Indocement Tunggal Prakarsa, Tbk
2. To determine whether there is a significant partial influence of *firm size* on financial performance at PT Indocement Tunggal Prakarsa, Tbk
3. To find out whether there is a significant influence on partial *sales growth* on financial performance at PT Indocement Tunggal Prakarsa, Tbk
4. To determine whether there is a significant simultaneous influence of *leverage, firm size and sales growth* on financial performance at PT Indocement Tunggal Prakarsa, Tbk

LITERATURE REVIEW

Leverage

According to Setyo, (2022), *leverage* is a variable that is taken into consideration in determining company value. Apart from that, *leverage* can also affect company value because it reflects the company's ability to fulfill its obligations if the company is liquidated. *Leverage* is used by companies to obtain capital so that the company will get higher profits. Companies with high profits can convince investors to invest their capital. *Leverage* is calculated using *the Debt to Equity Ratio* (DER), because with this ratio investors can see the company's ability to fulfill its obligations to creditors (Sari, 2018).

The formula used to calculate *the Debt to Equity Ratio* (DER):

$$\text{Debt to Equity Ratio(DER)} = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100\%$$

Source: Sari (20 18)

Firm Size

Firm size describes the size of the company as indicated by total assets, number of sales, average sales level and average total assets. Generally, large companies that are already large tend to maintain the stability of the company's performance and condition. The greater the total assets or assets of the company, the greater the size of the company. The greater the total assets, the greater the capital invested, while the more sales, the greater the circulation of money in the company, so it can be said that company size is the size or magnitude of the wealth assets owned by the company. Company size is a benchmark regarding the size of a company in terms of certain aspects. A large company size can reflect that the company has a high commitment to continuously improving its performance, so that the market will be willing to pay more to get its shares because it believes it will get profitable returns from the company. (Zhafira, 2019).

The formula used to calculate *firm size* is:

$$\text{Firm Size} = \text{Ln}(\text{Total Aset})$$

Source: Aliyah (2022)

Sales Growth

growth is defined as the increase in total sales from the previous year. Sales *growth* reflects operational success in the past period and can be used as a prediction of future growth. Growth is the ability of a company to maintain its business position in economic development (Meidiawati, 2016). *Sales growth* describes the growth of company assets which will influence the company's profitability, where it is believed that the percentage change in total assets is an indicator in measuring company growth. The larger the asset, the greater the operational results that will be generated. High growth causes funding needs to increase. The greater the company's growth rate, the higher the costs required for investment. Growing

companies will require larger funds than more established companies. An increase in assets will be followed by an increase in operational results. This will increase investor confidence, thus the greater the company's growth, the company value will also increase (Zhafira, 2019).

The formula used to calculate *sales growth* is:

$$\text{Sales Growth} = \frac{\text{Penjualan } t - \text{Penjualan } t - 1}{\text{penjualan } t - 1}$$

Source: Nurhayati, (2019)

Financial performance

The financial performance of a company is an important indicator of its future success. Analyzing a company's financial ratios is one way to determine whether the company is healthy or not, this is called financial performance (Irma, 2019). *Return on assets* is the ratio used in this research. *Return on assets* is a ratio used to measure a company's ability with the total funds invested in assets used in company operations to generate profits or profits. The higher the level of profitability, the continuity of the company's business activities will continue to be guaranteed. ROA is also often referred to as a ratio which describes a company's ability to gain profits using assets. *Return on assets* aims to measure the return on invested capital using all the assets owned by the company. When the ROA value is high, the company will be more effective in providing returns to investors (Rusmiati and Huda, 2023). The formula used to calculate *Return On Assets* (ROA) is:

$$\text{Return On Asset (ROA)} = \frac{\text{Laba Bersih}}{\text{Total Aset}} \times 100\%$$

Source: Rusmiati and Huda, (2023)

Influence of *L leverage* TOWARDS FINANCE PERFORMANCE

Leverage is defined as a reflection of the high or low risk of a company, so *leverage* needs to be managed well because debt that is too large will affect financial performance (Mardaningsih et al., 2021). Based on research conducted (Arrozy and Sudarsi, 2023), (Irma, 2019), (Laksmi et al., 2020) that *leverage* has a negative and significant effect on financial performance. Research (Azzahra and Wibowo,

2019) states that *leverage* has a negative and insignificant effect on financial performance. This research is inversely proportional to the research conducted (Wayan et al., 2018) shows that *leverage* has a significant effect on financial performance and research results (Wuryanti and Khotimah, 2015) show that *leverage* has a significant positive effect on financial performance .

Influence of Firm Size Towards Financial Performance

Small companies will have difficulty running their business because investors and creditors will be more inclined to choose companies with large total assets to invest capital and lend funds to small companies (Jumantari et al., 2022). This is in accordance with research from Risna and Putra, (2021) which shows that *firm size* has a negative and significant effect on financial performance. The results of this research are inversely proportional to research conducted (Wayan et al., 2018) (Azzahra and Nasib, 2019) which shows that the company size variable has a positive and significant effect on the company's financial performance.

The Effect of Sales Growth on Financial Performance

Sales growth is a change in sales in the financial statements each period which will reflect the company and its profitability in the future . Companies whose sales continue to increase and tend to be stable will be considered more risk-resistant so that creditors will find it easier to lend intensively (Octavia and Ardini, 2023). Based on research conducted (Octavia and Ardini, 2023) which shows that *sales growth* does not have a significant effect on financial performance. According to Cahyana and Suhendah, (2020) show that *sales growth* has a significant negative effect on financial performance. This is inversely proportional to research conducted by Dada and Ghazali (2016) which shows that there is a positive and significant influence *on sales growth* on financial performance.

The Influence of Leverage, Firm Size and Sales Growth on Financial Performance

Based on research conducted by Wulandari and Rahmawati, (2023) shows that *sales growth* and *firm size* have a simultaneous effect on financial performance. Research conducted (azzahra and fate, 2019) (wahyuni et al., 2019) shows that *firm size* and *leverage* simultaneously influence financial performance.

Research Hypothesis

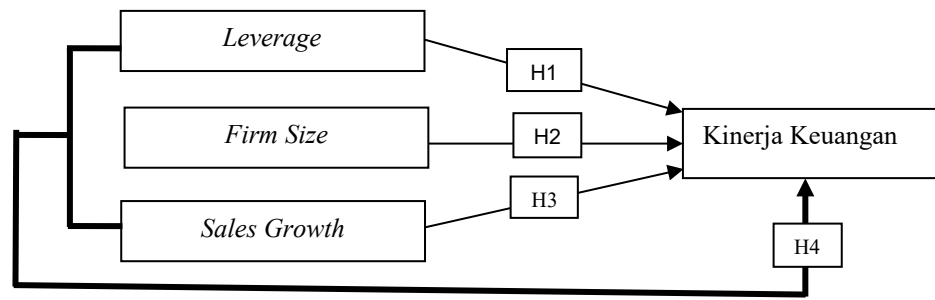


Figure 1. Thinking Framework

Information :

- : Partially
- : Simultaneously

A hypothesis is a temporary answer to a research problem where the research problem formulation has been stated in the form of a statement sentence. It is said temporarily because the answers given are only based on relevant theory, not yet based on empirical facts obtained through data collection, (Sugiyono in Yasin et al, 2022).

H1: *Leverage* has a partially significant effect on the financial performance of PT Indocement Tunggal Prakarsa, Tbk

H2: *Firm size* has a partially significant effect on the financial performance of PT Indocement Tunggal Prakarsa, Tbk

H3: *Sales growth* has a partially significant effect on the financial performance of PT Indocement Tunggal Prakarsa, Tbk

H4: *leverage, firm size and sales growth* have a significant simultaneous effect on the financial performance of PT Indocement Tunggal Prakarsa, Tbk.

RESEARCH METHODOLOGY

Types of research

The type of research used in this research is associative research, namely a statement that shows allegations about the relationship between two or more variables (Sugiyono in Sofian et al., 2020). This research aims to determine the

influence or relationship between the variables *Leverage* (X1), *Firm Size* (X2) and *Sales Growth* (X3) on the Financial Performance (Y) of PT Indocement Tunggal Prakarsa, Tbk.

Research Instrument

A research instrument is a tool used to measure natural social phenomena that are observed, Sugiyono (Nurlinda, 2023). The research instrument used in this research is a list of tables containing total debt, total assets, sales and net profit at PT Indocement Tunggal Prakarsa, Tbk.

Population and Sample

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics which are applied by researchers to study and then draw conclusions (Sugiono in Yasin et al., 2022). The population used in this research is the financial report of PT Indocement Tunggal Prakarsa, Tbk in the form of a balance sheet and profit and loss report since it was registered on the IDX from 2005 to 2022, namely for 18 years.

According to Sugiyono (Octavia and Ardini, 2023) the sample is part of the number and characteristics of the population. The sampling technique was carried out using a *purposive sampling method*, namely a sampling technique based on certain criteria to determine the sample. The criteria taken into consideration in sampling this research are, (1) the latest financial report data (2) the data is available for 15 consecutive years, namely from 2008 - 2022 (2) the 15 year sample data already represents the existing population data for needs study.

Research sites

The research was conducted at PT Indocement Tunggal Praakarsa, Tbk which is located at Wisma Indocement Jln. Jederal Sudirman Kav. 70-71 Jakarta 12910. By accessing data via the official website of PT Indocement Tunggal Prakarsa, Tbk www.indocement.co.id.

Data collection technique

The data collection technique used in this research is in the form of documentation in the form of financial reports of PT Indocement Tunggal Prakarsa, Tbk for the period 2008 to 2022. As well as literature studies such as journals, articles and several literature whose data is relevant to the problem being studied.

Data analysis technique

Classic assumption test

a. Normality test

The normality test functions to test whether in a regression model, confounding variables have a normal distribution (Ghozali in Ramadhani and Pustikaningsih, 2017). In this research, the *One Sample Kolmogorov-Smirnov test will be carried out* using a significance level of 0.05. Data is declared normally distributed if the significance is greater than 0.05.

b. Multicollinearity Test

According to Ghozali (Octavia and Ardini 2023). The multicollinearity test is a statistical test used to approach whether or not there is a correlation between independent variables in regression mode. There are several criteria to determine if multicollinearity is occurring, namely (1) if the tolerance value reaches >0.1 and $VIF < 10$, indicating that there is no multicollinearity, (2) if the tolerance value is <0.1 and $VIF > 10$, indicating that there is presence of multicollinearity.

c. Autocorrelation Test

The autocorrelation test carried out in this research aims to find out whether in a linear regression model there is a correlation between the confounding error in period 1 and the error in period $t-1$ (previously). If there is a correlation, it is called an autocorrelation problem (Santoso in Aramana, 2021) . In the autocorrelation problem detection procedure, the Durbin-Waston quantity can be used. To see whether there is or is not autocorrelation, you can determine the following conditions:

Table 2. Decision making whether there is autocorrelation or not

Null Hypothesis	Decision	If
There is no positive autocorrelation	No	$0 < d < dl$
There is no positive autocorrelation	No Disicion	$Dl \leq d \leq du$
There is no negative autocorrelation	Reject	$4 - dl < d < 4$
There is no negative autocorrelation	No Disicion	$4 - du \leq d \leq 4 - dl$
There is no positive and negative autocorrelation	Not Rejected	$Du < d < 4 - du$

Source : Ghozali (Aramana, 2021)

d. Heteroscedasticity Test

According to Ghozali (Jusmansyah, 2020), the heteroscedasticity test aims to test whether there is an inequality of variance from the residuals of one observation to another. A good regression model means that heteroscedasticity does not occur. This test is carried out by looking at the scatterplot graph where $Y = SRESID$ and $X = ZPRED$.

Multiple linear regression

The data analysis technique used in this research is multiple linear regression analysis. Multiple linear regression analysis is used to measure the influence or relationship of the independent variable with the dependent variable (Mujiono and Prijati, 2017). In this research, the multiple regression equation model used is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y : Financial performance

A : Constant

β_{123} : Coefficient of Influence of Variable X₁₂₃

X₁ : *Leverage*

X₂ : *Firm Size*

X₃ : *Sales Growth*

e : Error

Correlation coefficient

The correlation coefficient is used to determine the direction of the relationship between two or more variables (Nurlinda, 2023). To be able to provide an interpretation of the strength of this relationship, guidelines such as those in the following table can be used:

Table 3 . Relationship Level Guidelines

Coefficient Interval	Relationship Level
0.00 – 0.199	Very low
0.20 – 0.399	Low
0.40 – 0.599	Currently
0.60 – 0.799	Strong
0.80 – 1,000	Very strong

Source: Sanny (Indrawan and Dewi, 2020)

Coefficient of Determination Test

This determination coefficient test was carried out with the aim of measuring the model's ability to explain how the influence of the independent variables together (simultaneously) affects the dependent variable which can be indicated by the adjusted R-Squared value (Nurlinda, 2023).

Hypothesis testing

a. Test f

According to Ghozali (Risna and Putra, 2021), the f test aims to find out to what extent the independent variables jointly influence the dependent variables.

b. t test

The t statistical test basically shows how far the influence of an independent variable individually is in explaining variations in the dependent variable (Ghozali in Risna and Putra, 2021).

RESULTS AND DISCUSSION

Classic assumption test

a. Normality test

Table 4. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residuals
N	15
Normal Parameters ^{a, b}	
Mean	,0000000
Std. Deviation	,15749772
Most Extreme Differences	
Absolute	,150
Positive	,139
Negative	-,150
Test Statistic	,150
Asymp. Sig. (2-tailed)	,200 ^{c, d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Sumber : Output SPSS v22

Based on the SPSS *output* of the data normality test with the Kolmogorov-Smirnov test, the Asymp value can be seen. Sig (2-tailend) is $0.200 > 0.05$. This shows that this research is normally distributed and the regression model is suitable for use.

b. Multicollinearity Test

Table 5. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
LEVERAGE	,858	1,165
FIRM SIZE	,547	1,828
SALES		
GROWTH	,581	1,721

Source: SPSS v22 output

Based on the data in the table above, the tolerance value for variable X1 is $0.858 > 0.10$ and the VIF is $1.165 < 10$, the tolerance value for variable X2 is $0.547 > 0.10$ and VIF of $1.828 < 10$, so it can be concluded that the three independent variables do not have a multicollinearity relationship and can be used for research.

c. Autocorrelation Test

Table 6. Autocorrelation Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,777 ^a	,604	,496	,17768	,925

a. Predictors: (Constant), SALES GROWTH, LEVERAGE, FIRM SIZE

b. Dependent Variable: FINANCIAL PERFORMANCE

Source: SPSS v22 output

Based on the test results above, a DW value of 0.925 is obtained. This value will be compared with the DW value table using the significant value $\alpha = 5\%$ with the formula $(k ; n)$ where k is the number of independent variables and n is the number of samples. For $k = 3$ and $n = 15$ with dL of 0.8140 and dU value of 1.7301, this means that the dw value lies between $dL < d < dU$, so $0.8140 < 0.925 < 1.7301$. So it can be concluded that autocorrelation occurs. For this reason, *the Runt Test is used* as an autocorrelation test.

Table 7. Runt Test Results

Test Runs	
	Unstandardized Residuals
Test Value ^a	,04355
Cases < Test Value	7
Cases >= Test Value	8
Total Cases	15
Number of Runs	6
Z	-1,059
Asymp. Sig. (2-tailed)	,290

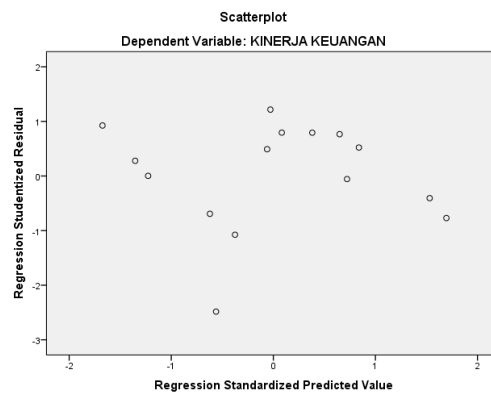
a. Median

Source: SPSS v22 output

Runt Test results above, you can see the Asymp value. Sig (2-tailend) has a value > 0.05, namely 0.290. So it can be concluded that there was no autocorrelation test.

d. Heteroscedasticity Test

Figure 2. Heteroscedasticity Test Results



Source : SPSS v22 output

Based on the image of the heteroscedasticity test results above, it can be seen that in this study there was no heteroscedasticity, this is because there are no clear patterns in the scatterplot image. So it can be said that heteroscedasticity does not occur.

Multiple linear regression

Table 8. Multiple Linear Regression Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	69,325	26,279		2,638	,023
LEVERAGE	-2.135	,681	-,642	-3,136	,009
FIRM SIZE	-55,448	21,314	-,667	-2,602	,025
SALES GROWTH	,197	,457	,107	,431	,675

a. Dependent Variable: FINANCIAL PERFORMANCE

Source: SPSS v22 output

Based on the test results in the table above, the regression equation is described, namely:

$$Y = 69.325 - 2.135 - 55.448 + 0.197 + e$$

Based on the regression equation above, it can be explained as follows:

1. A constant value of 69.325 can be interpreted as if *leverage*, *firm size* and *sales growth* are considered constant or equal to zero. So the financial performance of PT Indocement Tunggal Prakarsa, Tbk will be assessed at 69,325.
2. The beta coefficient value for the *leverage variable* is -2.135. This means that if *the leverage variable* increases by 1%, the financial performance variable will decrease by -2.135.
3. The beta coefficient value for the *firm size variable* is -55.448. This means that if *the firm size variable* increases by 1%, the financial performance variable will decrease by 55,448.
4. The beta coefficient value for the *sales growth variable* is 0.197, this means that if the *sales growth variable* increases by 1%, the financial performance variable will experience a decrease of 0.197.

Correlation coefficient

Table 9. Correlation Coefficient Test Results

Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,777 ^a	,604	,496	,17768

a. Predictors: (Constant), SALES GROWTH, LEVERAGE, FIRM SIZE

b. Dependent Variable: FINANCIAL PERFORMANCE

Source: SPSS v22 output

From the results of the data processing above, a correlation coefficient value of 0.777 was obtained. These results explain that there is a relationship between *leverage*, *firm size* and *sales growth* on financial performance at PT Indocement Tunggal Prakarsa, Tbk of 0.777 which is in the interval 0.60 – 0.799 with a strong relationship level (table 2 page 8).

Coefficient of Determination Test

From the results of the data processing above, it is known that there is an influence between *leverage*, *firm size* and *sales growth* on the financial performance of PT Indocement Tunggal Prakarsa, Tbk, the magnitude of this influence is expressed quantitatively by testing the coefficient of determination and then obtaining a coefficient of determination (R Square) value of 0.604 or 60.4% while the remaining 39.6% was influenced by other variables not examined in this research.

Hypothesis testing

a. t test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	69,325	26,279		2,638	,023
	LEVERAGE	-2.135	,681	-,642	-3,136	,009
	FIRM SIZE	-55,448	21,314	-,667	-2,602	,025
	SALES GROWTH	,197	,457	,107	,431	,675

a. Dependent Variable: FINANCIAL PERFORMANCE

Source: SPSS v22 output

The Effect of *Leverage* on Financial Performance

Based on the SPSS output in table 8 above, it can be seen that the significance value of *the leverage variable* is 0.009, which is smaller than the significance level of 0.05 or $0.009 < 0.05$. The calculated t value is -3.136 with a t table value of 2.201 or $-3.136 > 2.201$, so the first hypothesis states that "*Leverage* has a partially significant effect on financial performance at PT Indocement Tunggal Prakasa Tbk". Based on this explanation, it can be concluded **that H1 is accepted**. This means that *Leverage* has a partially significant negative effect on the financial performance of PT Indocement Tunggal Prakasa Tbk. This shows that higher leverage will cause financial performance to decline and companies that have a high debt ratio will endanger the company's growth rate in the future, therefore companies that have a high level of profit actually have a low level of debt (Laksmi et al. , 2020).

The results of this research are supported by research conducted (Arrozy and Sudarsi, 2023), (Ade Irma, 2019), (Laksmi et al, 2020) showing that *leverage* has a negative and significant effect on financial performance. This is inversely proportional to research conducted (Wuryanti and Khotimah, 2015) showing that leverage has a significant positive effect on financial performance.

The Influence of *Firm Size* on Financial Performance

Based on the SPSS output in table 8 above, it can be seen that the significance value of the Leverage variable is 0.025, which is smaller than the significance level of 0.05 or $0.025 < 0.05$. The calculated t value is -3.136 with a t table value of 2.201 or $-3.136 > 2.201$, so the second hypothesis states that "*Firm size* has a partially significant effect on financial performance at PT Indocement Tunggal Prakasa Tbk". Based on this explanation, it can be concluded **that H2 is accepted**. This means that *Firm Size* has a partially significant negative effect on the financial performance of PT Indocement Tunggal Prakasa Tbk. This shows that every increase *in firm size* will reduce the financial performance of the company which is usually caused by the large costs of maintaining large assets and the company's large operational scope because the increase in assets is not balanced by the amount of profit earned by the company which means a lack of company effectiveness in manage their assets to increase profitability in this research to measure financial performance.

The results of this research are in line with research from Risna and Putra (2021) which shows that *firm size* has a negative and significant effect on financial performance. This is inversely proportional to research conducted (Wayan et al., 2018) (Azzahra and Nasib, 2019) which shows that the company size variable has a positive and significant effect on the company's financial performance.

The Effect of *Sales Growth* on Financial Performance

Based on the SPSS output in table 8 above, it can be seen that the significance value of the Leverage variable is 0.675, which is greater than the significance level of 0.05 or $0.675 > 0.05$. The calculated t value is 0.431 with a t table value of 2.201 or $0.431 < 2.201$, so the third hypothesis states that "*Sales growth* has a partially significant effect on financial performance at PT Indocement Tunggal Prakasa Tbk". Based on this explanation, it can be concluded **that H3 is rejected**. This shows that sales growth is not the main factor that can influence financial performance. This happens because sales costs are not able to cover production costs so that the expected financial performance is not achieved (Mardaningsih et al., 2021).

The results of this research are in line with research conducted by (Mardaningsih et al., 2021) which shows that *sales growth* has no effect and is not significant on financial performance and research conducted by Octavia and Ardini (2023) that *sales growth* does not have a significant effect on financial performance. This is inversely proportional to the results of research conducted by Dada and Ghazali (2016) showing that there is a positive and significant influence of *sales growth* on financial performance.

b. F test

Table 10. F Test Results

ANOVA ^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,530	3	,177	5,593	.014 ^b
Residual	,347	11	,032		
Total	,877	14			

a. Dependent Variable: FINANCIAL PERFORMANCE

b. Predictors: (Constant), SALES GROWTH, LEVERAGE, FIRM SIZE

Source: SPSS v22 output

The Influence of *Leverage, Firm Size and Sales Growth* on Financial Performance

Based on the results of data analysis, it is known that the significance value of the calculated f variable is $5.593 > f$ table 3.49 and the Sig value is $0.014 < 0.05$, so the fourth hypothesis states that " *leverage, firm size and sales growth* have a significant effect simultaneously on the financial performance of PT Indocement Tunggal Prakarsa, Tbk". Based on this explanation, it can be concluded that **H4 is accepted** .

The results of this research are in line with research. Based on research conducted by (Wuladari and Rahmawati, 2023) it shows that *sales growth* and *firm size* have a simultaneous effect on financial performance. Research conducted (azzahra and fate, 2019) (wahyuni et al, 2019) shows that *firm size* and *leverage* have a simultaneous effect on financial performance.

CONCLUSION

Based on the results of hypothesis testing carried out, the conclusions in this research are:

1. *Leverage* has a partially significant negative effect on financial performance at PT Indocement Tunggal Prakarsa, Tbk.
2. *Firm Size* has a partially significant negative effect on financial performance at PT Indocement Tunggal Prakarsa, Tbk.
3. *Sales growth* has no effect and is not partially significant on the financial performance of PT Indocement Tunggal Prakarsa, Tbk.
4. *Leverage, firm size and sales growth* simultaneously have a significant effect on financial performance at PT Indocement Tunggal Prakarsa, Tbk.

SUGGESTION

Based on the results of the research conducted, suggestions that can be given include:

1. For companies, it is hoped that they can optimize the use of debt and be more effective in managing company assets in order to improve the company's financial performance.
2. For further research, it is hoped that other variables can be added that can influence financial performance that are not mentioned in this research.

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