THE INFLUENCE OF FIRM SIZE, SALES GROWTH, AND CAPITAL STRUCTURE ON PROFITABILITY IN PROPERTY AND REAL ESTATE SUB-SECTOR COMPANIES IN THE 2019-2023 PERIOD

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ABSTRACT

The initial objective of this study was to analyze how the Property and Real Estate Subsector is affected by size, sales growth, capital structure, and profitability. Quantitative methods are the basis of this research. This study examined 91 companies and 13 companies as research samples, which included 65 observations using multiple regression as the applied technique. The results showed that company size positively influences profitability, sales growth does not affect profitability, and capital structure negatively affects profitability. However, overall, company size, sales growth, and capital structure influence profitability.

Keywords: Firm Size, Sales Growth, Capital Structure, Profitability

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INTRODUCTION

Industrial property and real estate are experiencing positive growth trends, making them attractive sectors for many investors. This sector also has a significant impact on other economic sectors due to its large workforce.

A business's ability to generate profits is assessed by its future prospects. Profitability, as measured by ROA, allows for business performance assessments and management evaluations of the company's financial resources. In contrast, ROE cannot be applied because it relies solely on return on investment, which is more geared toward investors.

As a business grows, data is needed to grow, and larger businesses require more external funding. Company size affects its ability to cover organizational expenses.

Sales are a key indicator of activity and a key criterion for assessing a company's profitability. Sales growth has strategic implications for a company because increased market share leads to increased sales, which in turn increases profitability.

Capital structure aims to increase business profits, which ultimately impacts a company's value. Expenses arise from the operational processes used by a company.

Some phenomena related to company size are measured by assets, sales growth is measured by sales, capital structure is measured by debt, and profitability is measured by net profit.

Table 1. Data on Assets, Sales, Debt, and Net Profit of Sub-Sector Companies

Kode Emiten	Tahun	Asset	Penjualan	Utang	Laba bersih
CTRA	2019	36,196,024	7,608,237	18,434,456	1,157,959
	2020	39,255,187	8,070,737	21,797,659	1,320,754
	2021	40,668,411	9,729,651	21,274,214	1,735,329
	2022	41,902,382	9,126,799	20,989,450	1,862,403
	2023	44,115,215	9,404,265	21,490,499	1,846,087
JRPT	2019	11,164,935,100	2,423,269,696	3,847,899,580	1,004,620,409
	2020	11,481,521,265	2,184,941,986	3,606,436,882	860,910,339
	2021	11,748,147,834	2,174,343,050	3,594,354,650	768,912,755
	2022	12,251,800,500	2,258,974,450	3,619,754,827	924,905,073
	2023	13,206,898,387	2,525,084,729	3,936,063,377	1,016,858,196
KIJA	2019	12,184,611,579,312	2,253,944,326,651	6,016,058,083,818	118,806,202,269
	2020	12,200,175,979,870	2,396,086,017,034	6,605,083,823,533	45,249,873,535
	2021	12,292,090,330,026	2,490,256,211,002	5,920,079,958,943	87,635,897,475
	2022	13,110,459,383,600	2,720,261,372,934	5,939,921,471,289	40,980,837,130
	2023	12,947,435,320,238	3,291,891,181,655	5,877,596,349,996	305,576,101,645

Source: BEI, 2024

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The table above shows that firm size, as measured by assets, as shown in the table above for the issuer code KIJA, decreased from Rp 16,110,459,383,600 to Rp 12,947,435,320,238 in the 2022-2023 period. Meanwhile, profitability, as represented by net profit, increased.

Sales growth, reflected in CTRA's sales value, increased by Rp 9,126,799 to Rp 9,404,265 in the 2022-2023 period. However, this contrasted with a decline in profitability.

The capital structure, as seen from the company's debt value, as indicated by the issuer code JRPT, increased from Rp 3,619,754,827 to Rp 3,936,063,377 in 2022-2023. This increase impacted profitability, which also increased.

Literature review

The Effect of Firm Size on Profitability

Total assets indicate the potential for growth and decline in a business. A large business size indicates strong future growth, which can influence investor perceptions. High stock demand leads to higher stock prices and profitability (Amelya, 2023). Larger companies are better known to the public, making it easier to obtain complete and clear information related to ROA (Alawiah et al., 2022).

A company's scale is indicated by its size. Companies can be small, medium, or large. This scale is determined by the company's total assets. Companies with high assets are also considered large, while companies with low assets are also considered small. The larger a company, the higher its revenue, which affects its ROA (Putri et al., 2024).

The Effect of Sales Growth on Profitability

The increase in sales is marked by an increase in market percentage, the increase in sales affects ROA (Oktaviani andWidyaningsih, 2022). A company's sales growth indicates that it relies more on capital. High sales growth indicates that the company is generating more revenue from sales (Afiezan, 2020). Sales are an important measure for assessing profitability and business activity (Marliani, 2024).

The Influence of Capital Structure on Profitability

If the capital structure is dominated by liabilities, the interest borne will increase, which will ultimately affect profitability (Fathoni andSyarifudin, 2021). In this ratio, it

is important for companies to obtain debt to increase their profitability. From a creditor's perspective, the more funding comes from shareholder equity, the more secure the lender's position. Capital structure will positively impact profitability if the use of debt can achieve the company's sales and profit targets, thereby increasing the company's profitability (Devanti et al., 2023).

A company's debt to creditors is proportional to its capital structure. High debt can lead to decreased corporate profits. A business's success in increasing profits can be influenced by investments made with debt (Aji and Arifin, 2024).
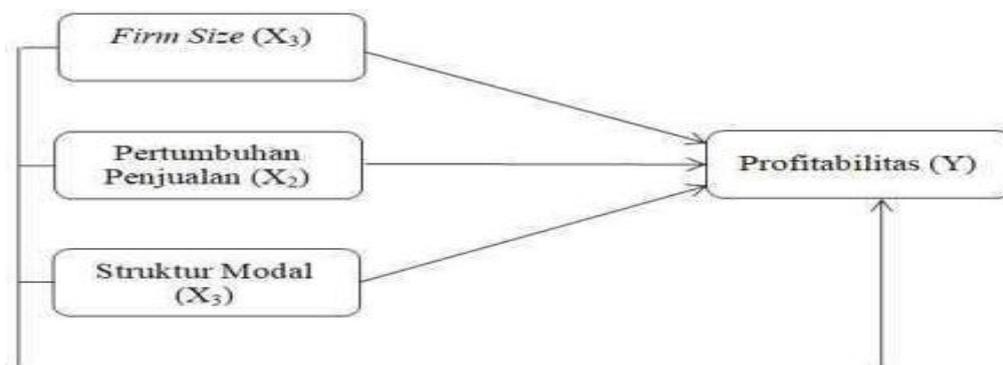

Figure: Conceptual Framework
Source: Processed data, 2025

Hypothesis

The formulation of this research hypothesis is:

H_1 : *Firm Size* influence on profitability in companies in the Property and Property Sub-Sector Real Estate in the Period 2019-2023.

H_2 : Growth Sales influence profitability in sub-companies Property and Real Estate Sector in the 2019-2023 Period.

H_3 : Structure Capital influences profitability in sub-sector companies Property and Real Estate in the 2019-2023 Period.

H_4 : *Firm Size*, Sales Growth, Capital Structure has an effect on Profitability of companies in the Property and Real Estate Sub-Sector in the 2019-2023 Period.

RESEARCH METHODS

Mukhtazar (2020) said that the quantitative approach uses data that can be calculated to produce interpretations. Quantitative descriptive research seeks problems or answers with numerical data (Mukhtazar, 2020).

Descriptive explanatory research is used by Sugiyono (2020) who explains that this type of research aims to examine the causality between variables that explain the phenomena of the research variables.

Property and real estate were the sectors used. Purposive sampling was used because the study employed criteria (Maryuani, 2021). The following demonstrates the sampling requirements:

Table 2. Sample Determination Criteria

No.	Keterangan	Jumlah
	Populasi penelitian: Perusahaan *property and real estate* yang terdaftar di Bursa Efek Indonesia pada periode 2019-2023	91
	Kriteria	
1.	Perusahaan *property and real estate* yang tidak berturut-turut terdaftar di Bursa Efek Indonesia selama periode 2019-2023	(22)
2.	Perusahaan *property and real estate* yang memperoleh laba negatif selama periode 2019-2023	(48)
	Jumlah Sampel	21
	Jumlah Pengamatan (21*5)	105

Source: Processed data, 2025

According to Aminoto and Agustina (2020), documentation techniques include collecting written data, such as books and journals, as well as financial reports, which are obtained through notes or documents. The implementation uses documentation that utilizes various journals and books as well as financial report support from each company for analysis.

Table 3. Operational Definition of Research

Variabel	Definisi	Indikator	Skala
Firm Size	Firm Size adalah besar kecilnya perusahaan dilihat dari besarnya nilai *equity*, nilai penjualan, atau nilai aktiva. Sumber: Riyanto (2019)	$Firm\ Size = Ln\ Total\ Assets$ Sumber: Riyanto (2019)	Rasio
Pertumbuhan Penjualan	Pertumbuhan penjualan (*sales growth*) mencerminkan kemampuan perusahaan dari waktu ke waktu. Semakin tinggi tingkat pertumbuhan penjualan suatu perusahaan maka perusahaan tersebut berhasil menjalankan strateginya. Sumber : Widarjo dan Setiawan (2019)	$Sales\ Growth = \dfrac{sales_t - sales_{t-1}}{sales_{t-1}}$ Sumber : Sumber : Widarjo dan Setiawan (2019)	Rasio
Struktur Modal	struktur modal adalah proporsi pendanaan perusahaan yang terdiri dari modal sendiri, hutang, saham biasa serta saham preferen guna membiayai operasional perusahaan jangka panjang. Sumber: Ningrum (2022)	$DER = \dfrac{Debt\ Total}{Equit\ Total}$ Sumber: Ningrum (2022)	Rasio
ROA	ROA adalah rasio yang dapat menunjukkan kemampuan perusahaan dalam menghasilkan laba berdasarkan dari aktivitas bisnis. Sumber: Prananjaya, dkk (2023)	$ROA = \dfrac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Aktiva}$ Sumber: Ismanto (2019)	Rasio

Source: Processed data, 2025

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Nugraha (2022) stated that normality testing is useful as knowledge in checking data normality. In this case, utilizing the Histogram and Normal P-P Plot, as well as the Kolmogorov-Smirnov test, which is based on a sig>0.05, indicates data suitability. In a perfect linear relationship, it is necessary to detect no correlation between the x variables (Nugraha, 2022) where the Tolerance value is >0.1 then VIF <10. Nugraha (2022), testing heteroscedasticity beneficial in testingresidual variance difference.

Detection of undetected by observing the clear pattern of the scatterplot. Glejser test with the guideline sig.>0.05.

Nugraha (2022) stated that multiple linear regression analysis aims to determine whether there is a significant partial or simultaneous influence between two or more independent variables on a single dependent variable. This is the formula for multiple linear regression analysis:

$$Y = a + b_1X + b_2X_2 + b_3X_3 + e$$

Information:

Y= Profitability

A = Constant

b1 = Variable coefficient

X1 = Firm Size

b2= Firm Size variable coefficient

X2= Sales Growth

b3=Coefficient of Capital Structure variable

X3= Capital Structure

e=Percentage error (5%)

According to Nugraha (2022), the coefficient of determination essentially measures the model's ability to explain variation in the dependent variable. The coefficient of determination value ranges from zero to one. The higher the coefficient of determination, the better the independent variable's ability to explain the behavior of the dependent variable.

According to Nugraha (2022), the t-test is used to determine whether the independent variable has a significant effect or not on the dependent variable with the

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following provisions:

Ho = accepted if F count Fable for α = 5%,

H1=accepted if Frabel count for a=5%

According to Nugraha (2022), the t-test is used to determine the extent of the influence between the independent variable and the dependent variable. The following conditions apply:

Ho= is accepted if tcount <tTable for a => 5%,

H1= accepted if tcount>ttable or tcount<T-table for a=5

RESEARCH RESULT

Descriptive Statistics

The results of data processing in this study are:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
FirmSize	41	26.589	31.833	29.63976	1.359983
PertumbuhanPenjualan	41	-.448	.437	.08180	.182115
StrukturModal	41	.004	1.711	.52720	.351931
ROA	41	.001	.117	.04602	.031529
Valid N (listwise)	41				

Table 4. Descriptive Statistics

Source: SPSS processed data, 2025

The data processing for descriptive statistics of the firm size variable obtained a minimum value of 26,589 and a maximum value of 31,833 with an average of 29,63976 and a standard deviation of 1,359,983. Sales growth obtained a minimum value of -0,448 and a maximum value of 0,437 with an average of 0,08180 and a standard deviation of 1,182,115. Capital Structure obtained a minimum value of 0,004 and a maximum value of 1,711 with an average of 0,527,20 and a standard deviation of 0,351,931. Profitability (ROA) obtained a minimum value of 0,001 and a maximum value of 0,117 with an average of 0,046,02 and a standard deviation of 0,031,529.
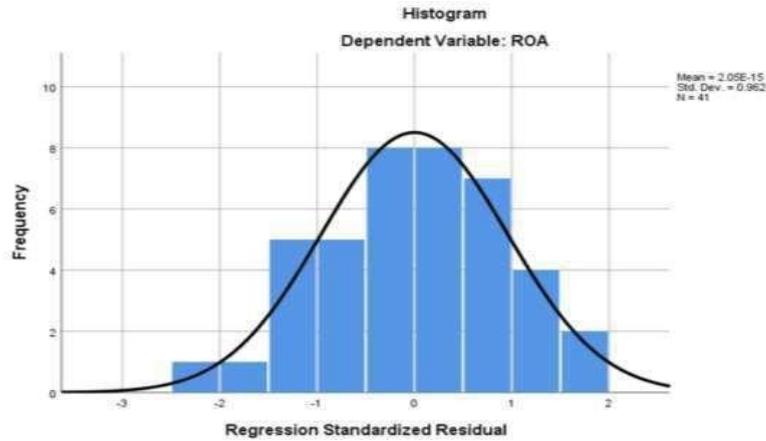
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Figure 2. Normality Test with Histogram Graph
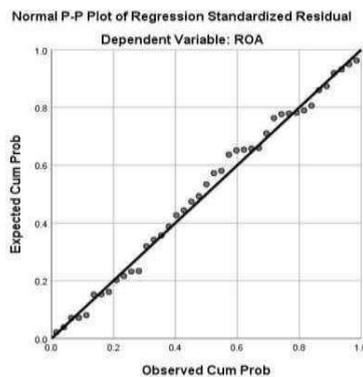Source: SPSS processed data, 2025

Figure 3: Normality Test with P-Plot Graph
Source: SPSS processed data, 2025

Real data forms a symmetry (U) that does not deviate to the left or right, meaning the data is normally distributed.

Test Table 5. Kolmogorov Nirnov Normality

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		41
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.02634336
Most Extreme Differences	Absolute	.081
	Positive	.068
	Negative	-.081
Test Statistic		.081
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.		

Source: SPSS processed data, 2025

The resulting significant value is (0.200>0.05), the conclusion is that it is normal

when using the data.

Table 6 Multicollinearity Test

Coefficients^a								
Model		Unstandardized Coefficients		Standardized Coefficients				Collinearity Statistics
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.210	.109		-1.939	.060		
	FirmSize	.010	.004	.419	2.569	.014	.708	1.412
	PertumbuhanPenjualan	-.018	.024	-.102	-.733	.468	.977	1.024
	StrukturModal	-.057	.015	-.642	-3.927	.000	.707	1.415
a. Dependent Variable: ROA								

Source: SPSS processed data, 2025

The absence of correlation in multicollinearity testing, which is shown by obtaining a tolerance value of >0.1, and a VIF value of <10.

Heteroscedasticity Test

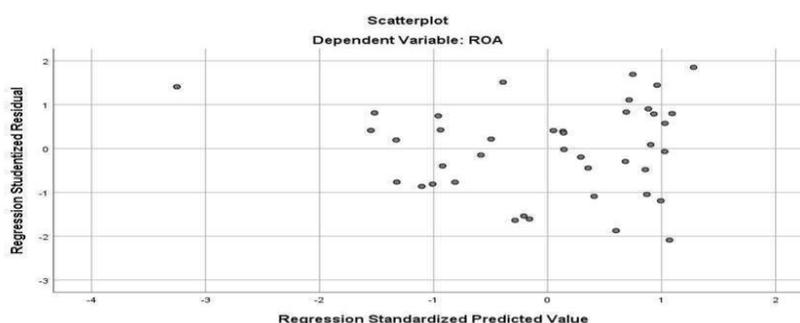To determine heteroscedasticity based on the results below:

Figure 3. Heteroscedasticity Test with Scatterplot Graph
Source: SPSS processed data, 2025

The heteroscedasticity test with a scatterplot graph shows that the points are spread out with an unclear pattern on the Y axis, not gathered in one place, indicating that there is no heteroscedasticity in the regression model.

Table 7. Heteroscedasticity Test

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.003	.059		-.050	.960
	FirmSize	.001	.002	.091	.475	.638
	PertumbuhanPenjualan	-.001	.013	-.006	-.039	.969
	StrukturModal	-.008	.008	-.203	-1.052	.300
a. Dependent Variable: RES2						

Source: SPSS processed data, 2025

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The sig. value of the Firm Size variable (0.638>0.05), Sales Growth (0.969>0.05), Capital Structure (0.300>0.05) indicates that there is no heteroscedasticity problem.

Table 8. Results of Multiple Linear Regression Analysis

Coefficientsª						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.210	.109		-1.939	.060
	FirmSize	.010	.004	.419	2.569	.014
	PertumbuhanPenjualan	-.018	.024	-.102	-.733	.468
	StrukturModal	-.057	.015	-.642	-3.927	.000
a. Dependent Variable: ROA						

Source: SPSS processed data, 2025

Profitability = (-0.210) + 0.010 Firm Size + (-0.018) Sales Growth + (-0.057) Capital Structure

1. As long as Firm Size, Sales Growth, Capital Structure have a fixed condition, so they affect profitability by -0.210.
2. When Firm Size experiences increasing conditions which ultimately have an increasing impact on profitability by 0.010.
3. When Sales Growth experiences increasing conditions which ultimately have a decreasing impact on profitability by 0.018.
4. When the Capital Structure experiences increasing conditions which ultimately have a decreasing impact on profitability by 0.057.

Coefficient of Determination
Table 9. Coefficient of Determination

Model Summaryᵇ				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.549ª	.302	.245	.027391
a. Predictors: (Constant), StrukturModal, PertumbuhanPenjualan, FirmSize				
b. Dependent Variable: ROA				

Source: SPSS processed data, 2025

Profitability obtained 0.245, which means that the variation in company size, sales growth, and capital structure is 24.5 percent and then 74.5 percent, which is generated from other variables, such as liquidity, leverage.

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F test

Table 10. F Test Results

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.012	3	.004	5.333	.004^b
	Residual	.028	37	.001		
	Total	.040	40			
a. Dependent Variable: ROA						
b. Predictors: (Constant), StrukturModal, PertumbuhanPenjualan, FirmSize						

Source: SPSS processed data, 2025

Table 10 seen from the calculated F value (5.333) F table (2.86) and Sig. 0.004 < 0.05, means H1, is accepted that simultaneously Firm Size, Sales Growth, Capital Structure have a positive and significant effect on Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

T-test

Table 11. t-Test Results

Coefficients^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.210	.109		-1.939	.060
	FirmSize	.010	.004	.419	2.569	.014
	PertumbuhanPenjualan	-.018	.024	-.102	-.733	.468
	StrukturModal	-.057	.015	-.642	-3.927	.000
a. Dependent Variable: ROA						

Source: SPSS processed data, 2025

1. From the SPSS output above, the obtained thing value (2.569) ttable (2.026) and Sig. 0.014 <0.05, means H1 is accepted that partially Firm Size has a positive and significant effect on Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

2. The calculated t value (0.733) table (2.026) and Sig. 0.468>0.05, means that H2 is rejected that partially Sales Growth does not affect Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

3. The thing value (3.927) table (2.026) and Sig. 0.000<0.05, means H3 is accepted that partially Capital Structure has a negative and significant effect on Profitability in

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Property and Real Estate Sub-Sector companies in the 2019-2023 period.

Discussion

The Effect of Firm Size on Profitability

*Firm Size*Amelya's (2024) study positively influenced profitability in companies in the Property and Real Estate Subsector during 2019–2023. Companies with high total assets can be considered large, while companies with small total assets can also be considered small. The larger the company's scale, the greater its revenue and, ultimately, its profitability.

The Effect of Sales Growth on Profitability

Sales growth has no partial effect on profitability in businesses in the Property and Real Estate Subsector 2019–2023, as supported by a study by Afiezan et al. (2020). This study found that sales growth is not among the most important components or invoices influencing a company's profitability. In other words, this variable has no influence and is not significant with the profitability variable. This is undoubtedly due to many factors, including advertising, production, and raw material costs, all of which are related to increased sales. Conversely, companies must use sales proceeds to repay debt so that the company can be considered liquid. Thus, if the company later requires funding from third parties, this can be a consideration. To attract investors, liquid companies have greater value.

The Influence of Capital Structure on Profitability

Capital structure partially and significantly impacted the profitability of companies in the Property and Real Estate Subsector from 2019 to 2023, as supported by a study by Devanti et al. (2023). This ratio indicates that companies need to raise debt to increase their profitability. From a creditor's perspective, the more funding comes from shareholder equity, the more secure the lender's position. Capital structure, when used effectively, will impact profitability.

CONCLUSION

The conclusion is based on the previous discussion, namely:

Partially, there is a positive influence between Firm Size on Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

Partially does not affect Sales Growth on Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 Period.

Partially, there is a negative influence between Capital Structure and Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

Simultaneously, there is a positive influence between Firm Size, Sales Growth, Capital Structure on Profitability in Property and Real Estate Sub-Sector companies in the 2019-2023 period.

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