

Net Sales and Net Expenses Mediated with Prepaid Expenses for Net Profits in Food and Beverages Companies in Indonesia

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Abstract. Even though there is a lot of research on Sales, Expenses, and Profits, there are still shortcomings. Consensus about the type of link that exists between these three ideas and about how this connection is realized for Indonesian food and beverage businesses. Based on the approach of Good Corporate Financial Governance and Reporting, this article systematically reviews the mediating variables to map how this research model has developed and continues to develop theoretically, practically, and methodically. Describes the overall relationship of Sales, Mediated Expenses with Prepaid Expenses, and Company Profits before and after the pandemic. We, therefore, categorize and explore the nature of this relationship in three strands: (a) Net Sales for Net Income, (b) Net Expense mediated as a function of Net Income, and (c) Net Sales and Net Expense for Net Profit. Through this review, we identify mediating and pandemic variables in this study that are under-explored in this domain.

Keywords: Net Sales and Net Expense, Prepaid Expenses, Net Profit, and Food and Beverages.

1 Introduction

Research publications on the food business often there are many opportunities to study, explore and research on one aspect of the packaged food business. At the time of writing the a business plan the fresh prepared foods business, Identified sources have been used, and analyzed covering the key issues that stand out in the packaged food industry [1]. There is currently no complete study of the company elements the packing of food, so, this study seeks to address that gap by providing a comprehensive perspective. Modern initiatives in this area are more creative: intended to understand how packaging may assist in resolving consumer issues discover fresh top-line growth concepts. The utilizing technology strategically choice that should be taken the consideration. This can save countless amounts of money, enabling companies to take advantage of cost-cutting and innovation.[1]

Best practice within the food beverage industry As of June 1996, the Introducing the initiative known as "Food and Beverage Industry Benchmarking and Self-Assessment," Leatherhead Food Research Association with the assistance of the UK's Departments of Agriculture, Fisheries, and Food as well as Trade and Industry. The European Business Advantage Model was outperformed by nine food businesses [2] selected to visit. This section the document relates the top recommendations adopted by these businesses in terms of their

outcomes achieved (in terms of consumer satisfaction, social impact, and commercial results) and how They have succeeded in doing so (via efficient leadership, administration of people, policies, strategies, process control, and resource management) [3].

Using consumer research can help companies by businesses and organizations in creating their marketing strategies understanding problems like as consumer behavior when buying things or making other marketing choices. The food sector must make a variety of marketing choices[1].

The entire global festival and event industry grew and changed since the early 1990s. In order to maintain sustainable development and growth in the future, the industry must manage the sector properly and efficiently given the spectacular expansion and rising consumer knowledge and choice. While some of the given goods and services are still in the embryonic stage of development, others have reached maturity. As more people choose to pursue employment in these industries for the rest of their lives, management and education become even more crucial. Although festivals and events vary greatly in type and form,[4] Therefore, understanding consumer behavior is very important to make marketing activities more successful. The issue with the academic field of consumer behavior, however, is that despite the advancement of numerous broad models of consumer behavior, there hasn't been much empirical study to compare these models to actual behavioral patterns. Consumer behavior is an intriguing but challenging academic topic. When consumers choose a product, a variety of internal and external motivators and variables affect their decision-making process [5].

The Centers for the American Centers for Disease Control and Prevention (CDC) indicates that COVID-19 is expected to spread primarily through close person-to-person contact (i.e. within 6 feet).[6] The most recent information about COVID-19's effects on the tourism industry may be found in the lodging and food-and-beverage industries sectors. In the past, according to data from CEIC (2019), the lodging and food and beverage sector was the main index of the tourism industry, which increased by 5.8% YoY. Of course, supply and demand in the tourism industry encourage the expansion of this industry. However, the outbreak of the Pandemic COVID-19 had an impact on disrupting the demand for the nation's tourism industry, which in the end access the lodging sector and retailers of food and beverages deeply, particularly for micro, small, and medium-sized businesses (MSME) activists, this industry. According to information from the Ministry of Small and Medium Enterprises stated that around 37,000 MSMEs reported that they had been The COVID-19 pandemic has had a significant impact. This is indicated by a number of things. Of these, almost 56% reported a reduction in sales, 22% cited issues with finance, 15% reported issues with product distribution, and 4% reported challenges obtaining raw materials. Furthermore, This data is also strengthened and detailed with the findings of P2E LIPI in Bahtiar and Saragih (2020), which shows the impact of a decline MSMEs with a 27 percent market share in the hospitality and industry for micro-food and beverages. The impact on medium-sized businesses is 0.07 percent, while it is 1.77 percent for food and beverage small businesses. 22 percent of respondents mentioned issues with the financial part, 4 percent and 15%, respectively, experienced issues with the distribution of items difficulties in getting raw materials. Additionally, this information is clarified and enhanced. with the P2E LIPI results in Bahtiar and Saragih (2020), This illustrates how a decline MSMEs working in the hospitality, micro-catering, and beverage industries in tourism provider business reaching 27 percent. While the impact on small food and beverage businesses is 1, 77 percent, and medium enterprises by 0.07 percent. which shows the impact of the tourism slump on MSMEs taken part in the accommodation and Microfood and beverage provider business reaching 27 percent. The impact on medium-sized businesses is 0.07 percent, while it is 1.77 percent for

food and beverage small businesses. which shows the impact of the tourism slump on MSMEs engaged in the accommodation and micro food and beverage provider business reaching 27 percent. The impact on medium-sized businesses is 0.07 percent, while it is 1.77 percent for food and beverage small businesses. Meanwhile, the impact on food and beverage small businesses is 1.77 percent, and medium enterprises is 0.07 percent. which shows the impact of the decline in tourism on MSMEs engaged in the accommodation and micro food and beverage provider business reaching 27 percent. Meanwhile, the impact on food and beverage small businesses is 1.77 percent, and medium enterprises is 0.07 percent. Meanwhile, the impact on food and beverage small businesses is 1.77 percent, and medium enterprises is 0.07 percent. which shows the impact of the decline in tourism on MSMEs engaged in the accommodation and micro food and beverage provider business reaching 27 percent. Meanwhile, the impact on food and beverage small businesses is 1.77 percent, and medium enterprises is 0.07 percent.[7]

This gives rise to another form of conventional transaction into the form of digital transactions, which is called E-Commerce. E-Commerce is a physical purchase and sale of goods and services using electronic media, such as telephones, computers, ATMs, and smart phones. Electronic commerce like this does provide good benefits for both traders and buyers so that the use of the internet in this transaction is still in demand. it is not even possible to replace conventional transactions[8].

The Indonesia Stock Exchange provides categories for manufacturing companies into sectors and subsectors. There are three main manufacturing sectors, namely the basic and chemical industry sector, the consumer goods industry sector, and the various industrial sector. The sub-sector itself is divided into 20. In addition to the household cosmetics sub-sector, the consumer goods industry also has a food and beverage sub-sector [9].

2 Literature Review

2.1 Theory of Stakeholders

A firm is described under the stakeholder theory as a set of relationships between people or groups that have an impact on or are influenced by its business operations. Different stakeholders provide resources, shape the business environment, gain from the company, and affect its effectiveness and impact. According to this viewpoint, the network of stakeholders' combined efforts form the basis of value creation , and losing the support of any stakeholder can endanger business survival. This stakeholder viewpoint brings fresh insight to the conversation by emphasizing the importance of relationships in a network of value creation[10].

2.2 Stakeholder Theory and Management Strategy"

Stakeholder theory and the idea of strategy have been intertwined since its conception. The concept of stakeholders was created by Eric Rhenman in Sweden and the Stanford Research Institute as a mechanism to organize data that is becoming more crucial for strategic planning. Its inception and early stages were obviously focused on enhancing the effectiveness of company policies and initiatives. Ackoff (1974, 1981) created an early application with the goal of helping Mexican brewers comprehend the value of the government in their business strategy. The a stakeholder approach to strategic management was created as a textbook for a company strategy and policy course. Along with Eric Trist's (1981) work at Tavistock on developing a more worker-centered management theory and early ties through Abt Associates' "Social Audit," corporate social responsibility another branch of the diverse field known as "Stakeholder Theory" is also emerging [11].

2.3 Agency Theory and Institutional Theory

Agency theory has a theoretical lens that has been widely and frequently utilized to describe strategy related to the corporate environment. It argues that, when faced with organizations want to follow institutional directives, promote or sustain their legitimacy. In order to accomplish this, they will work to match social values and corporate behavior a willingness to live up to stakeholder and institution expectations. Frequently and widely, institutional theory has been employed as a theoretical lens to describe strategy as it relates to the corporate environment. It argues that, when faced with Institutional guidelines, organizations' desire to promote or sustain their legitimacy [12].

2.4 Financial Report

Financial statements are the final result of overall accounting work. The preparation of financial statements must also be reported in a systematic order as follows: 1) Income statement; 2) Owner's Equity Report; 3) Balance Sheet Report; 4) Cash Flow Statement.. Financial reports are one of the responsibilities of Management to the principal (investors, fund owners to report the results/performance that have been carried out throughout the period) suggests that the important information in a financial report is profit. The benefits of profit are: 1) To calculate tax, it is used as the basis for state tax revenue; 2) Calculate the amount of dividends to be distributed and to be retained by the company; 3). As a guide in making decisions and determining investment policies; 4) Become a tool for forecasting profits and other economic events uture prospects of the business; 5) Assess the company's efficiency; and 6) Measuring the company's performance/achievement [9].

2.5 Research Methods

This study uses secondary data taken directly by researchers through the website www.idx.co.id specifically on the company data of Indonesia's Food & Beverage Sub-Sector, with the presentation of table 1 below.

Table 1. Food & Beverage Sub Sector Company Data in Indonesia.

No	Code	Issuer Name	Listing Date
1	ULTJ	Ultra Jaya Milk Industry TBK	7/2/1990
2	STTP	Siantar Top TBK	12/16/1996
3	SKLT	Sekar Laut TBK	9/8/1993
4	SKBM	Sekar Bumi TBK	1/5/1993
5	ROTI	Nippon Indosari Corpindo TBK	6/28/2010
6	PSDN	Prasidha Aneka Niaga TBK	10/18/1994
7	PCAR	Prima Cakrawala Abadi TBK	12/29/2017
8	PANI	Pratama Abadi Nusa Industri TBK	9/18/2018
9	MYOR	Mayora Indah TBK	7/4/1990
10	MLBI	Multi Bintang Indonesia TBK	1/17/1994
11	MGNA	Magna Investama Mandiri TBK	7/7/2014
12	INDF	Indofood Sukses Makmur TBK	7/14/1994
13	IIKP	Inti Agri Resources TBK	10/20/2002

14	ICBP	Indofood CBP Sukses Makmur TBK	10/7/2010
15	HOKI	Buyung Poetra Sembada TBK	6/22/2017
16	GOOD	Garudafood Putra Putri Jaya TBK	10/10/2018
17	FOOD	Sentra Food Indonesia TBK	1/8/2019
18	DLTA	Delta Djakarta TBK	2/12/1984
19	CLEO	Sariguna Primatirta TBK	5/5/2017
20	CEKA	Wilmar Cahaya Indonesia TBK	7/9/1996
21	CAMP	Campina Ice Cream Industry TBK	12/19/2017
22	BUDI	Budi Starch & Sweetener TBK	5/8/1995
23	BTEK	Bumi Teknokultura Unggul TBK	5/14/2004
24	ALTO	Tri Banyan Tirta TBK	7/10/2012
25	AISA	Tiga Pilar Sejahtera Food TBK	6/11/1997
26	ADES	Akasha Wira International TBK	6/13/1994

2.6 Design of the Study

A technique for research planning that can be used as a guide is called research design for building strategies that generate research models or blueprints. This research design uses descriptive quantitative. Research with a quantitative approach means research with an emphasis on theory testing via numerically quantifying research variables and statistically processing data.[9] This research model can be seen in the image below.

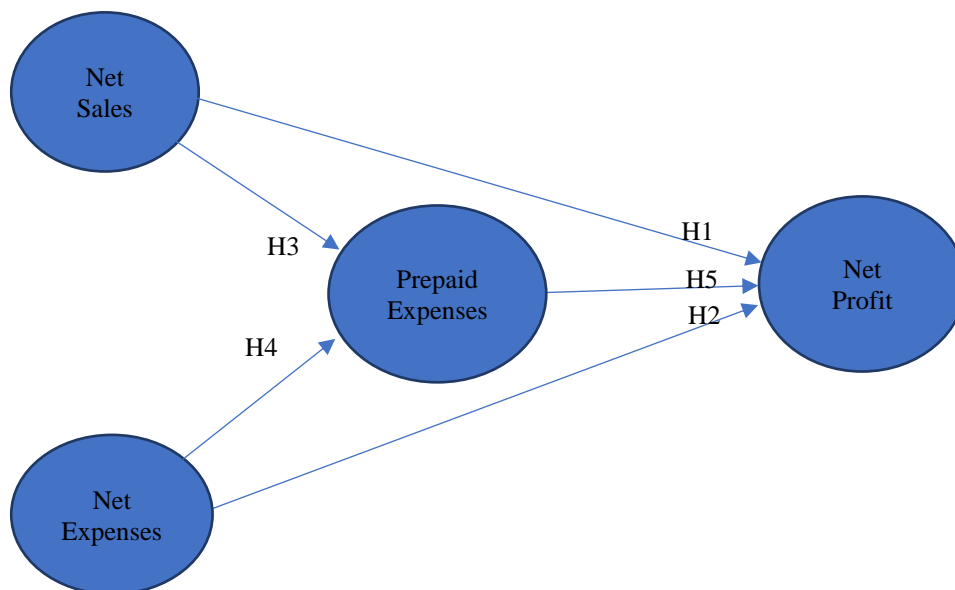


Figure. 1. Model for Research

The following are the study's hypotheses:

H₁ : Net Sales have an impact on Net Profit.

H₂ : Net Expenses affect Net profit

- H₃ : Net Sales have no effect on Prepaid Expenses.
- H₄ : Net Expenses have no effect on Prepaid Expenses.
- H₅ : Prepaid Expenses have no effect on Net Profit.
- H₆ : Net Sales mediated by Prepaid Expenses, have no effect on Net Profit.
- H₇ : Net Expenses mediated by Prepaid Expenses, have no effect on Net Profit.

3 Results and Discussion

From table 1 above, there are 26 food and beverages industries whose financial reports and annual reports have been published on the Indonesian stock exchange. Researchers took ten years of data published on the IDX. With limited time for research activities, in terms of collecting, selecting and sorting, as well as classifying data, data elimination occurs, data reprocessing, and entry into the SEM (Structural Equation Modeling) data processing application using the PLS measurement model or Outer model to analyze research data measurement model. The final sample of companies that the researchers processed were 16 companies.

PLS is an effective analytical technique since it is not predicated on many assumptions (Ghozali, 2011). For instance, the sample size shouldn't be too huge and the data should be regularly distributed. PLS can be used to both verify theory and clarify whether there is a relationship between latent variables. PLS may examine constructs created with both reflective and formative indicators at the same time. And this was chosen for the data processing and the limitations of the study.

3.1 PLS Steps

According to Ghozali (2014) states that data analysis and modeling structural equations using Smart PLS are with the following steps:

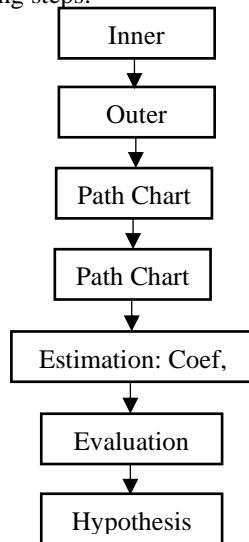


Figure 2. PLS Stages

3.2 Early Stage of SmartPLS Data Processing

Researchers input secondary information from the financial statements of the company that were sampled in the study first, then sorted into Microsoft Excel files. And don't forget to save into a file extension that is allowed in secondary data processing such as CSV (Comma Deliated) or Text (MS-DOS).

3.3 Advanced SmartPLS Data Processing Stage and Results

After the secondary data has changed the file extension format as mentioned above, then enter the data into the SmartPLS Application by creating a path model as shown below.

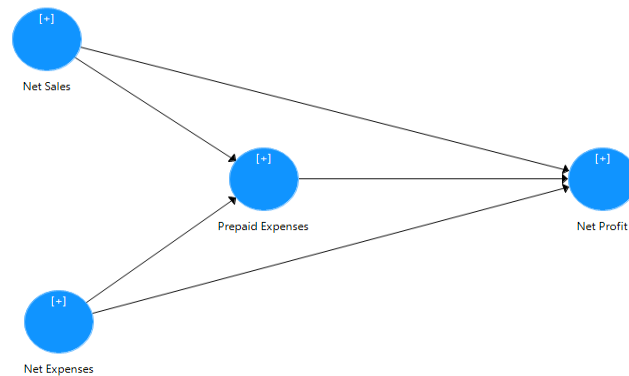


Figure 3.Inner Model of Create Path Model

The next stage is to calculate the data in the SmartPLS application by pressing bootstrapping until the results are as follows.

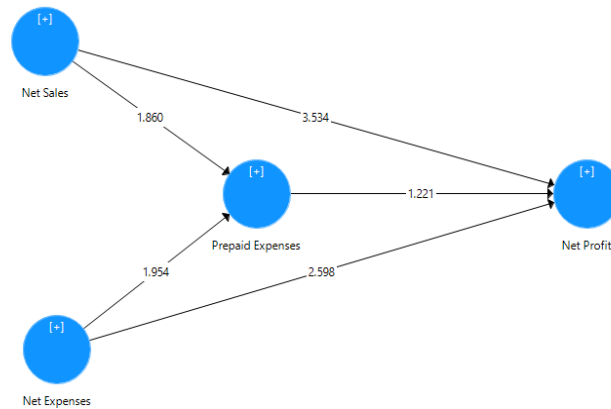


Figure 4.Bootstrapping Results from Create Path Model

3.4 Discussion

Below are the results of the data processing which is shown in the image below.

Path Coefficients							
	Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias Co...	Samples	Copy to Clipboard:	Excel Format	R Format
	Original Sampl...	Sample Mean (...)	Standard Devia...	T Statistics (O/...	P Values		
Net Expenses -> Net Profit	-3.038	-2.983	1.170	2.598	0.012		
Net Expenses -> Prepaid Expenses	9.257	8.220	4.737	1.954	0.057		
Net Sales -> Net Profit	4.037	3.980	1.142	3.534	0.001		
Net Sales -> Prepaid Expenses	-8.698	-7.678	4.677	1.860	0.069		
Prepaid Expenses -> Net Profit	-0.079	-0.069	0.065	1.221	0.228		

Figure 5. Bootstrapping Results for Hypothesis Testing for Exogenous and Endogenous Variables

From Figure 5 above, it can be concluded that outcome of data processing using SartPLS. The first theory is accepted, and it can be said that net sales affect net income. This is the same as the second hypothesis, that net expenses affect net income. As for the 3rd hypothesis, it is rejected because Net Sales does not affect Prepaid Expenses, the same as the 4th and 5th Hypotheses; ie, Net Expenses do not affect Prepaid Expenses, while Prepaid Expenses do not affect Net Profit.

Specific Indirect Effects							
	Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias Co...	Samples	Copy to Clipboard:	Excel Format	R Format
	Original Sampl...	Sample Mean (...)	Standard Devia...	T Statistics (O/...	P Values		
Net Expenses -> Pr...	-0.734	-0.659	0.688	1.066	0.292		
Net Sales -> Pr...	0.689	0.619	0.650	1.060	0.295		

Figure 6. Bootstrapping Results for Intervening Variable Hypothesis Testing

As for Figure 6 above, it can be concluded that the results of data processing using SartPLS for the mediation hypothesis, it was found that the 6th and 7th hypotheses, namely: Net Sales mediated by Prepaid Expenses, had no effect on Net Profit, and for Expenses Net mediated with Prepaid Expenses, has no effect on Net Profit.

4 Conclusions and Suggestions

Although it was stated at the beginning that there were many studies on Sales, Expenses, and Profits, there were still shortcomings, and included this research which was very limited in time. What is interesting in the Consensus about the type of connection between these three concepts is how the relationship develops for based on data from Indonesian food and beverage an excellent Corporate Financial Governance and Reporting approach. Processing secondary data, company data other than food and beverages is possible to be and collected be the best data in the next research. Using the SEM-Amos application, SEM SmartPLS can be compared for the next research which is quite adequate in terms of data, time, and others.

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