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Impact of Operating Costs and Sales Revenue on Net Profit IDX Garment and Textile Sector

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ABSTRACT

This study aims to examine the effect of operating costs and sales revenue on net profit in garment and textile sector companies listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period. A quantitative approach was used with a multiple linear regression method, utilizing data collected from the annual financial reports of 20 companies selected through purposive sampling. Data analysis was conducted using descriptive statistics, classical assumption tests, multiple regression tests, t-tests, F-tests, and the coefficient of determination (R^2) assisted by SPSS 26 software. The results indicate that both operating costs and sales revenue, either partially or simultaneously, do not have a significant effect on net profit. The R Square value of 28.3% suggests that other factors outside the research model predominantly influence the companies' net profits. These findings highlight the importance for management to be more adaptive to external dynamics such as raw material price fluctuations and global competition, and to emphasize market diversification and product innovation to improve future financial performance.

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INTRODUCTION

The garment and textile sector listed on the Indonesia Stock Exchange (IDX) is one of the strategic industries that contributes significantly to the national economy. However, in recent years, this sector has faced increasingly complex challenges, particularly due to intense global competition, market volatility, and dynamic changes in consumer preferences.

These conditions are worsened by the continuous rise in production costs and the uncertainty of sales revenue, posing risks to the stability of corporate net profit. Therefore, analyzing the influence of operating costs and sales revenue on net profit has become more relevant for empirical investigation. Previous research has established that operating costs and sales revenue are primary determinants of corporate profitability (Edwar, 2025) (Ananda et al., 2023). Accordingly, further studies are necessary to provide a comprehensive understanding of the relationship between these two variables in determining the financial performance of garment and textile companies during the 2023–2024 period.

The phenomenon of rising operational costs, including production, logistics, and administrative expenses, has become a major challenge for the garment and textile sector. Coupled with fluctuating market demand and intense price competition, these factors cumulatively exert a negative impact on net profit. (Lestari & Erdkhadifa, 2024); Recent data show an upward trend in operating costs that is not matched by sales revenue growth, thereby reducing corporate profit margins — a condition that requires comprehensive analysis. (Edwar, 2025) , (Lestari & Erdkhadifa, 2024).

Previous related research, such as that conducted by Edwar (Edwar, 2025) dan(Ananda et al., 2023), has found that increases in sales revenue positively impact net profit, while operating costs have a negative correlationHowever, these studies generally have not specifically examined the implications of operational cost dynamics and sales revenue within the particular context of the IDX garment and textile sector, revealing a literature gap that this study seeks to address. This is supported by research that highlights that cost control and increasing sales volume can moderate the negative effects of operating costs on net income. (AZIS et al., 2021), (Budiari et al., 2024)

Furthermore, limitations in prior studies often stem from too broad a sectoral coverage or different time periods compared to current market conditions. For example, research in the agriculture sector (Syahrul & Septiano, 2023) or mining industry involves operational characteristics that differ significantly from the textile and garment industry. Thus, this study is designed to fill the gap by analyzing up-to-date, sector-specific data from IDX-listed companies during 2023–2024, offering more relevant and applicable insights. (Edwar, 2025) dan (AZIS et al., 2021).

This research applies a quantitative approach with multiple linear regression analysis to examine the impact of sales revenue and operating costs on net profit. This technique, previously used in related studies (Ananda et al., 2023) , (Budiari et al., 2024) is expected to reveal causal relationships and the magnitude of the effects accurately. Additionally, this study considers moderating variables such as sales volume to determine whether increased revenues can offset the negative impact of rising operating costs .(AZIS et al., 2021).

Overall, this research aims to contribute both theoretically and practically to the development of accounting and financial management sciences within the garment and textile sector. Theoretically, it seeks to enrich the literature concerning the relationship between operating costs, sales revenue, and net profit with a specific focus on the current market conditions at the IDX. Practically, the findings are expected to serve as a strategic foundation for corporate management to optimize financial performance through better cost control and more effective sales revenue management. (Edwar, 2025), (Lestari & Erdkhadifa, 2024) , (AZIS et al., 2021).

THEORETICAL FRAMEWORK

This study adopts a quantitative approach using descriptive and verification methods. The quantitative approach is chosen because the study aims to test the causal relationship between operating costs and sales revenue on the net profit of garment and textile sector companies listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period. This approach enables an objective, systematic, and measureable numerical data analysis. The theoretical framework of this research is based on the fundamental concepts of operating costs, sales revenue, and net profit, along with the interrelations among these variables.

According to Gian et al. (Gian et al., 2024) operating costs are all expenditures incurred to support a company's operational activities, including administrative, marketing, and logistics costs.

This concept is strengthened by Purba and Manurung (Purba & Manurung, 2021) who emphasize that controlling operating costs is key to determining a company's efficiency and profitability. Thus, a deep understanding of operating costs provides a strong theoretical foundation for analyzing their impact on net profitSales revenue is the main indicator that reflects a company's ability to sell its products, and thus, the total income from sales activities illustrates the company's potential to generate profits. Yusmeida and Zein (Yusmeida & Zein, 2020) (Tinia et al., 2023) state that increasing sales revenue is a key variable that can enhance a company's ability to optimize net profit, as high revenues allow companies to reinvest. (Acim & Jamil, 2024) also support this view,

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arguing that synergy between increased revenue and operational cost efficiency can drive more optimal net profit.

Net profit is defined as the difference between total revenues and total expenses, including operating, production, and tax costs. (Fauzi et al., 2024) The concept of net profit as a financial performance indicator is crucial because it reflects the result of a company's operational activities and strategic management of costs and revenues. (Tinia et al., 2023) In other words, net profit not only shows operational efficiency, but also shows the effectiveness of the company's revenue-increasing strategy.

The relationship between operating costs and net profit is generally negative: an increase in operating costs tends to suppress the company's profit margin. (Purba & Manurung, 2021) Research by Gian et al (Gian et al., 2024) shows that if a company cannot control its operational expenses, the rising costs can significantly decrease net profit. (Tinia et al., 2023) also reveal that high operating costs, if not matched by an increase in sales revenue, will lower financial efficiency and, consequently, net profit.

Conversely, sales revenue has a positive relationship with net profit. Yusmeida and Zein highlight that higher sales increase income sources, which can potentially raise net profit, provided operational costs are relatively contained. (Tinia et al., 2023) dan (Acim & Jamil, 2024) emphasize that revenue growth should be accompanied by effective operational cost controls to maintain optimal and sustainable profitability.

The integration of all these concepts forms the foundation for the research model proposed, which tests the simultaneous and partial effects of operating costs and sales revenue on net profit in the garment and textile sector companies listed on the IDX during the 2023–2024 period. This model aims to fill the research gap by examining the interactive relationship between these variables specifically in the garment and textile industry context. (Fauzi et al., 2024). Thus, this study is expected to contribute theoretically to the literature on net profit determinants and practically to strategic decision-making for companies to optimize cost management and sales revenue enhancement. (Fauzi et al., 2024).

Hyphotesis Development

Based on the theoretical framework and previous research findings, the hypotheses developed in this study are as follows:

H1: Operating costs have a negative effect on net profit in garment and textile companies listed on the Indonesia Stock Exchange during the 2023–2024 period.

H2: Sales revenue has a positive effect on net profit in garment and textile companies listed on the Indonesia Stock Exchange during the 2023–2024 period.

H3: Operating costs and sales revenue simultaneously have a significant effect on net profit in garment and textile companies listed on the Indonesia Stock Exchange during the 2023–2024 period.

RESEARCH METHOD

The research method used in this study is a quantitative approach, which is objective, measurable, rational, systematic, and scientific. The study aims to identify and measure the influence of operating costs and sales revenue on net profit in garment and textile sector companies listed on the IDX for the 2023–2024 period. Based on quantitative principles, the data collected are numerical and score-based, processed using statistical tools to obtain valid and reliable conclusions. (Hidayat & Sari, 2023)(Tinia et al., 2023)

Data collection was carried out through the documentation method by downloading financial reports, specifically the income statements, published by the companies. The data obtained are secondary data, that is, information already processed by the companies and presented in official documents. Secondary data collection is considered appropriate as it provides reliable historical information and meets the research criteria, enabling systematic analysis of the relationships between operating costs, sales revenue, and net profit. (Suraiya et al., 2024).

The research population consists of all garment and textile companies listed on the IDX during the 2023–2024 period, totaling 20 companies. The sampling technique applied is purposive sampling, selecting samples based on specific criteria such as consistent financial reporting and the availability of historical data. From the population, a sample of 10 companies was obtained that met the research criteria, thus producing representative and relevant data for hypothesis testing. (Tinia et al., 2023)

The data analysis method employed is multiple linear regression analysis with the assistance of SPSS version 21 software. This technique is selected due to its ability to measure both the simultaneous and partial effects between independent variables (operating costs and sales revenue) on the dependent variable (net profit). The multiple linear regression equation tested can be formulated as: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$, di mana Y is net profit, X is operating costs, X is sales revenue, β_0 is the intercept, β_1 dan β_2 are regression coefficients, and ε is the error term. (Suraiya et al., 2024)

Before hypothesis testing, classical assumption tests are conducted, including tests for normality (e.g., Kolmogorov-Smirnov or Shapiro-Wilk), multicollinearity (using Variance Inflation Factor/VIF), heteroscedasticity (e.g., Breusch-Pagan test), and autocorrelation (using Durbin-Watson test). These tests are essential to ensure that the regression model meets the necessary assumptions so that the analysis results can be interpreted correctly. The application of these tests has been proven effective in uncovering relationships among variables in similar research (Tinia et al., 2023).

The use of a quantitative approach with multiple linear regression analysis is deemed appropriate because it can empirically and objectively reveal the effects of operating costs and sales revenue on net profit. The use of a quantitative approach with multiple linear regression analysis is deemed appropriate because it can empirically and objectively reveal the effects of operating costs and sales revenue on net profit, but also make significant scientific contributions to the development of accounting and financial management science in the garment and textile sector. With empirical findings, strategic recommendations for controlling operating costs and optimizing sales revenue can be developed to enhance corporate profitability (Suraiya et al., 2024).

RESULT AND DISCUSSION

The data used in this study consists of financial reports from ten garment and textile sector companies listed on the Indonesia Stock Exchange (IDX) for the 2023–2024 period. The data includes five key variables: Sales, Gross Profit, Operating Expenses, Tax Expense, and Net Profit, all presented in millions of Indonesian Rupiah (IDR).

In general, the data dynamics reflect significant variations across companies in terms of revenue, operational costs, and net profits achieved.

Table 1. Cost of Sales Data, Gross Profit, Operation Costs, Tax Burden and Net Profit in Million Units

No	Company	Year	Sales	Gross Profit	Operating Expenses	Tax Expense	Net_Profit
1	Trisula Textile Industries Tbk	2024	135482,5588	44833,37802	32419,88738	2299,238567	10114,25206
		2023	111432,769	35145,59067	27319,56991	476,69755	7349,323215
2	Sunson Textile	2024	61739,07277	5488,697678	3310,773969	690,678565	1487,245144
	Manufacturer Tbk	2023	68391,35429	5219,425858	3635,241888	467,107494	1453,217817
3	Sri Rejeki Isman Tbk	2024	1.254.000	-141.442	138.199	-8.294	-263.060
		2023	1.390.645	69.847	177.738	35.628	-160.000
4	Polychem Indonesia	2024	431.812	4,982	23,304	748	-18.328
	Tbk	2023	513.763	-6	57.200	-12.252	-49,703
5	Indo-Rama Synthetics	2024	3.531	-14.438	92,301	38.300	-143.843
	Tbk	2023	3.290.474	71.534	90.674	186	−16.583
6	Panasia Indo Resources	2024	0,0538	-6065,786	198358200	249261800	-1054198,6
	Tbk	2023	5,402	-6848,625	2506,272	-437,767	-593,855
7	Ricky Putra Globalindo	2024	186,4116285	52790,99868	42599,51782	573,921132	961,755972
	Tbk	2023	212515,7126	-6848,625	39872,63147	2951,563073	-19053,66346

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No	Company	Year	Sales	Gross Profit	Operating Expenses	Tax Expense	Net_Profit
8	Argo Pantes Tbk	2024	24525,52512	7678,137455	2890,613102	-132,684196	-949,15176
		2023	103137,1399	12482,49762	10816,43709	-5817,534285	-35143,44048
9	Eratex Djaja Tbk	2024	478.803	44.454	23.036	1.515.264	8.058
		2023	514.283	54.960	22.468	-3.261.296	18.443
10	Tifico Fiber Indonesia Tbk (TFCO)	2024	712.502	14.744	18.241	-394	3,125
		2023	791.859	14.624	17.978	-1,184	17,922

source : www.idx.co.id, company website and data processed, 2025

Sales

Sales values represent the revenue generated from the companies' primary business activities, namely the sale of textile and garment products. In this sample, the highest sales were recorded by Indo-Rama Synthetics Tbk in 2023, amounting to IDR 3,290,474 million, while the lowest was recorded by Panasia Indo Resources Tbk in 2024 at IDR 0.054 million.

This variation indicates a considerable difference in the scale of operations among companies within the industry. Large companies such as Indo-Rama are able to maintain high sales volumes, whereas smaller or struggling companies like Panasia generate minimal sales. According to (Amalia & Harun, 2023), factors such as production scale, distribution networks, and market diversification are critical in determining sales revenue success in the textile industry.

Gross Profit

Gross profit is the difference between sales revenue and the cost of goods sold (COGS). In this dataset, the highest gross profit was achieved by Argo Pantes Tbk in 2024 at IDR 7,678 million, while the largest negative gross profit (gross loss) was experienced by Panasia Indo Resources Tbk in 2023, at IDR -6,849 million.

Negative gross profit indicates that the cost of goods sold exceeded the revenue earned, which could result from an inability to control production costs or low sales volumes (Setiawan & Sembiring, 2022). The large variations in gross profit highlight the importance of production efficiency and raw material cost control in this sector, which is also influenced by fluctuations in global raw material prices. (Putri & Siregar, 2022).

Operating Expenses

Operating expenses include administrative, marketing, distribution, and other general expenses. The highest operating expenses, amounting to IDR 198,358 million, were recorded by Panasia Indo Resources Tbk in 2024, while the lowest operating expenses were IDR 17.98 million by Tifico Fiber Indonesia Tbk in 2023.

High operating expenses without corresponding increases in revenue suppress company profitability (Yunus et al., 2020). This phenomenon is evident in companies like Panasia, where high operating costs were not matched by increased sales or gross profit. In the textile industry context, operational efficiency is crucial to maintaining profit margins, particularly under intense global competition. (Ali et al., 2023).

Tax Expense

Tax expense reflects the amount of tax burden borne by the company. In 2024, the highest tax expense was recorded by Eratex Djaja Tbk at IDR 1,515,264 million, while the largest negative tax expense (tax refund) occurred at Argo Pantes Tbk in 2023, at IDR -5,818 million.

Negative tax expenses usually indicate a fiscal loss that reduces the company's tax obligations.

This factor also highlights the financial instability of garment and textile companies, influenced by external factors such as global market volatility, fiscal regulation changes, and shifts in trade tariffs (Dewi & Mustika, 2023).

Net Profit

Net profit is the key indicator of a company's financial success after accounting for all expenses and charges. In this sample, the highest net profit was achieved by Trisula Textile Industries Tbk in 2024 at IDR 10,114 million, while the largest net loss was experienced by Argo Pantes Tbk in 2023 at IDR -35,143 million.

The significant disparity in net profits between companies reflects uneven financial performance. Factors such as cost efficiency, resilience to demand fluctuations, marketing strategies, and product innovation are key determinants of net profit in the garment and textile sector (Anugrah & Sari, 2021); (Rizky & Wahyuni, 2021)

Interpretation of Data Dynamics

Based on the data processing results involving sales, gross profit, operating expenses, tax expenses, and net profit from ten IDX-listed garment and textile companies, it can be concluded that significant financial dynamics occurred in this sector during 2023–2024.

The stark differences in revenue, costs, and net profits highlight the unequal performance among companies.

Large-scale companies like Indo-Rama Synthetics Tbk were able to maintain high sales volumes, reflecting their ability to sustain market share amidst intense competition. In contrast, smaller companies like Panasia Indo Resources Tbk demonstrated very minimal sales volumes, approaching zero. This situation indicates a considerable competitive gap between large and small companies in the national textile industry, further exacerbated by external pressures such as raw material price volatility and tight export markets. (Ali et al., 2023)

In terms of gross profit, performance differences were also stark. Companies like Argo Pantes Tbk managed to post high gross profits in 2024, while others experienced gross losses, where production costsexceeded revenues. This phenomenon underscores the critical role of controlling production costs to maintain profitability, as emphasized by which emphasizes the importance of raw material cost efficiency in the manufacturing sector, especially in industries vulnerable to global volatility such as textiles.

Operating expenses also displayed wide variations. Some companies incurred very high operational costs without being matched by adequate sales performance, leading to financial strain. This finding is consistent with (Yunus et al., 2020), who concluded that operational inefficiencies are a major cause of declining financial performance among Southeast Asian textile companies.

Regarding tax expenses, some companies recorded negative tax values, indicating fiscal losses or tax refunds This variability illustrates the financial instability faced by textile companies, influenced by volatile revenue and cost structures. (Dewi & Mustika, 2023) on the impact of the economic crisis on corporate tax reporting in labor-intensive sectors.

Finally, net profit as a key indicator of financial performance showed inconsistent patterns across companies. Some managed to consistently record positive profits, while others suffered consecutive losses over two years. This suggests that in the garment and textile sector, only companies that combine strong marketing strategies, effective production cost control, and quick adaptation to market demand changes can survive and grow, in line with the findings of (Anugrah & Sari, 2021) which states that the combination of internal efficiency management and the ability to read market trends are key factors in the success of textile companies in Indonesia.

Considering the overall financial dynamics, it can be concluded that the Indonesian garment and textile sector faces major pressures from both internal factors, such as production and operational costs, and external factors, such as changes in international trade regulations, raw material price volatility, and consumer trends toward environmentally friendly products. (Amalia & Harun, 2023). Thus, companies that can improve internal efficiency, innovate in products, and expand markets have a greater opportunity to achieve sustainable financial performance in the future.

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Descriptive Statistic

Descriptive statistics are used to provide a general overview of the research data characteristics.

Table 2. Descriptive Statistic Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Sales	20	3.53	6839135429.00	1097922144.5277	2022247197.95191
Gross Profit	20	-6848625.00	7678137455.00	1644587477.2141	2555780245.77686
Operating Expenses	20	17.98	4259951782.00	1267020697.4267	1680442688.46274
Tax Expenses	20	-5817534285.00	2951563073.00	66351875.7691	1603622709.88619
Net Profit	20	-3514344048.00	7349323215.00	336858007.2635	1973574587.50442
Valid N (listwise)	20				

Source: Data processed using SPSS software 21, 2025

From the table above, it is evident that there is a very high variation in the key variables, indicated by the large standard deviations. This variation reflects the heterogeneous financial conditions of garment and textile companies due to differences in operational scale and efficiency levels among companies.

The Sales variable has an average of IDR 1.097 billion, but with a very large standard deviation (IDR 2.022 billion), indicating uneven income distribution among companies.

This aligns with Rahman et al. (2020), who found that textile sector companies experience high sales volatility due to fluctuations in global demand. Similarly, Gross Profit shows a high standard deviation, with a minimum negative value (-IDR 6.8 billion), suggesting some companies incurred gross losses, as seen in the case of Sri Rejeki Isman (SRIL) listed on the IDX.

Operating Expenses also exhibit extreme variation, ranging from IDR 17.98 million to IDR 4.25 trillion, with an average of IDR 1.26 trillion. This significant disparity reflects operational inefficiencies among companies (Asmawi & Fadillah, 2021). Additionally, Tax Expenses include notable negative values, indicating tax refunds or fiscal loss compensation for some firms. Meanwhile, Net Profit varies drastically, from -IDR 3.5 trillion to IDR 7.3 trillion, underscoring the sector's highly diverse profitability levels, consistent with Putra et al. (2022)'s research.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to determine the effect of Operating Expenses, Sales, Gross Profit, and Tax Expenses on Net Profit.

Tabel 3. Multiple Linear Regression Analysis Results

No		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	19778545.004	540950449.419		.037	.971		
	Sales	-.321	.326	-.329	-.984	.341	.427	2.343
	Gross_Profit	.521	.309	.675	1.687	.112	.298	3.354
	Operating_Expenses	-.170	.507	-.145	-.336	.742	.256	3.905
	Tax_Expenses	.424	.298	.345	1.422	.175	.813	1.229

a. Dependent Variable: Net_Profit

Source: Data processed using SPSS software 21, 2025

Based on the analysis results, Gross Profit and Tax Expenses show positive relationships with Net Profit, while Sales and Operating Expenses show negative relationships.

However, all independent variables have significance values greater than 0.05, indicating no significant partial effect on Net Profit.

The Sales coefficient shows a negative value (-0.321) but is not significant (Sig. 0.341 > 0.05), suggesting that changes in sales revenue do not significantly affect net profit.

This finding contradicts the results of Wahyudi et al. (2021), who asserted that an increase in sales usually boosts net profit.

Similarly, Gross Profit has a positive coefficient (0.521) but remains statistically insignificant (Sig. 0.112), implying that higher gross margins do not necessarily correspond to higher net profits, possibly due to high operating or financing costs. This indicates that higher gross margins are not always directly proportional to increased net income, possibly due to higher operating costs or financial costs. Meanwhile, Operating Costs show a negative effect (-0.170), indicating that increased costs tend to depress net income although not statistically significant. In contrast, Tax Expenses have a positive effect (0.424), possibly because companies that pay taxes tend to be healthier financially. (Fadillah & Sari, 2023).

These findings suggest that internal financial factors such as operating costs and sales revenues are not the dominant determinants of net profit in the garment and textile sector; external factors such as global raw material prices and market demand trends appear to play larger roles (Setiawan & Sembiring, 2022).

Coefficient of Determination

Table 4. Coefficient Of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.532[a]	.283	.092	1880311556.72268	1.663

a. Predictors: (Constant), Tax_Expenses, Gross_Profit, Sales, Operating_Expenses
b. Dependent Variable: Net_Profit

Source: Data processed using SPSS software 21, 2025

The R Square value of 0.283 indicates that 28.3% of the variation in net profit can be explained by this model, while the remaining 71.7% is explained by other factors. This is in line with the research of Anugrah and Sari(2021) shows that the net profit of manufacturing companies is also influenced by external factors such as macroeconomic conditions and international trade policies.

Hypothesis Testing

T Test (Partial)

This test is conducted to determine whether the independent variables (Operational Costs and Sales) have an influence on the dependent variable (Net Profit).

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	19778545.004	540950449.419		.037	.971
	Sales	-.321	.326	-.329	-.984	.341
	Gross_Profit	.521	.309	.675	1.687	.112
	Operating_Expenses	-.170	.507	-.145	-.336	.742
	Tax_Expenses	.424	.298	.345	1.422	.175

a. Dependent Variable: Net_Profit

The results of the T-test show that:

- Sales do not have a significant effect on Net Profit (Sig. 0.341 > 0.05).
- Gross Profit has a positive but insignificant effect (Sig. 0.112 > 0.05).
- Operating Expenses have a negative and insignificant effect (Sig. 0.742 > 0.05).
- Tax Expenses also has a positive but insignificant effect (Sig. 0.175 > 0.05)

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The statistical analysis reveals several important findings on the determinants of net profit in the textile sector. Sales show a statistically insignificant negative relationship with net profit (coefficient -0.321, p=0.341), contrary to the general expectation that higher sales should increase profitability. These finding questions the results of Wahyudi et al.'s study. (2021) and shows that in the textile industry, sales growth does not necessarily increase net profit performance.

Gross profit shows a moderate positive relationship (coefficient 0.521) but is not statistically significant (p=0.112), indicating that while higher gross margins may contribute to net income, their effect is offset by other factors. Operating expenses show a negative relationship as expected (coefficient -0.170) but are also not significant (p=0.742). The positive coefficient for tax expense (0.424, p=0.175) may reflect the financial health of tax-paying firms, as noted by Fadillah & Sari (2023).

The consistent statistical insignificance across all variables (p-value > 0.05) strongly suggests that net profit in the textile sector is primarily influenced by external factors rather than internal financial metrics. As found (Dewi & Mustika, 2023), Global market volatility, exchange rate fluctuations, and supply chain disruptions appear to be more important determinants of profitability than the financial variables examined in this model. This underscores the particular vulnerability of the textile industry to macroeconomic and geopolitical forces beyond the control of individual firms.

F Test (Simultaneous)

This test is conducted to determine whether the independent variables (Operational Costs and Sales) influence the dependent variable (Net Profit).

Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**	**Model**
1	Regression	20971363141248640000.000	4	5242840785312159700.000	1.483	.257[b]
	Residual	53033573255172780000.000	15	3535571550344852000.000		
	Total	74004936396421410000.000	19			

a. Dependent Variable: Net_Profit

b. Predictors: (Constant), Tax_Expenses, Gross_Profit, Sales, Operating_Expenses

The calculated F value of 1.483 with Sig. 0.257 shows that simultaneously, the four variables do not have a significant effect on Net Profit. This result is in line with research Nugroho et al. (2020) who found that in labor-intensive industrial sectors such as textiles, net profit is more influenced by external variables such as raw material prices and government regulations.

Overall, the results of this study indicate that garment and textile sector companies face major challenges in managing revenues and costs to generate stable net profits, especially amidst dynamic global market pressures. The implications of this study clarify the importance of revenue diversification, tight cost control, and rapid adaptation to market changes to improve corporate financial performance. (Putra, 2022)

The Effect of Operating Costs on Net Profit

Based on the results of multiple linear regression tests, the operating cost variable has a regression coefficient of -0.170 with a significance value of 0.742 (> 0.05). This indicates that operating costs have a negative effect on net income, although the effect is not statistically significant. This means that increasing operating costs tend to decrease net income, but in this study the effect is not strong enough to be called significant.

These results support the theory that in garment and textile sector companies, high operating costs can erode profit margins. As stated by Purba dan Manurung (2021), The inability of a company to manage operating costs effectively can lead to a decline in net income, even when revenues increase. Furthermore, research Tinia et al. (2023) also emphasized that in labor-intensive industries such as textiles, the high burden of marketing, distribution and logistics costs must be managed with high efficiency so as not to reduce profits significantly. However, the insignificance of this relationship also suggests that in the 2023–2024 period, external factors such as raw material price volatility, changes in global demand, and changes in consumption trends may have a greater impact on net income than internal factors such as operating costs themselves. (Amalia & Harun, 2023).

Thus, controlling operational costs remains important, but is not the only factor in determining a company's financial performance.

The Effect of Sales on Net Profit

In the test results, the sales variable has a regression coefficient of -0.321 and a significance value of 0.341 (> 0.05). This negative coefficient indicates that an increase in sales revenue is associated with a decrease in net profit, although this relationship is not significant. This phenomenon is quite unique because theoretically, an increase in sales should contribute positively to an increase in net profit. (Yusmeida & Zein, 2020).

One possible cause of this negative relationship is the intense price competition in the textile industry, which forces firms to employ heavy discounting strategies to maintain sales volume, but at the expense of profit margins. (Setiawan & Sembiring, 2022). This decline in margin ultimately reduced the contribution of revenue to net income. In addition, high production costs due to rising global raw material prices during the period also caused sales growth not to always be directly proportional to profit growth. (Putri & Siregar, 2022).

Research on Dewi and Mustika (2023) supports this finding by stating that in the textile industry sector, sales revenue growth often does not offset the increase in cost burdens, thus increasing the risk of low profitability. Therefore, it is important for textile companies to not only focus on sales volume but also pay attention to pricing strategies and production cost control to maintain profitability.

The Effect of Operating Costs and Sales on Net Profit Simultaneously

Simultaneous test (F test) shows that operating costs and sales, along with other variables such as gross profit and tax expense, do not have a significant effect on net profit simultaneously, with an F value of 1.483 and a significance of 0.257 (> 0.05). The R Square value of 0.283 indicates that only 28.3% of the variation in net profit can be explained by this model, while the rest, 71.7%, is influenced by other factors not examined in this model. This finding is in line with the results of the study oleh Rizky dan Wahyuni (2021) which reveals that in labor-intensive industrial sectors such as textiles, corporate profitability is heavily influenced by external factors such as exchange rate volatility, international trade policies, and global demand dynamics, rather than solely by internal financial factors such as revenue and operating expenses.

According to Ali et al. (2023), global market risks, changes in consumer trends towards environmentally friendly products, and geopolitical uncertainty have become dominant factors affecting the textile industry's net profit in recent years. Therefore, the failure of operating cost and sales variables to significantly predict net profit indicates that companies must adopt adaptive and innovative strategies that not only focus on internal aspects but also anticipate dynamic external changes.

This study emphasizes that textile companies must consider external factors and strengthen business resilience through product innovation, market diversification, and operational efficiency to maintain and increase their net profit in the future. (Amalia & Harun, 2023; Dewi & Mustika, 2023).

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CONCLUSION

This study aims to examine the effect of operating costs and sales revenue on net profit in garment and textile sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2023–2024. Based on the results of multiple linear regression analysis, it was found that both partially and simultaneously, operating costs and sales revenue did not have a significant effect on the company's net profit. Although the regression coefficient shows a negative relationship for operating costs and sales on net profit, a significance value greater than 0.05 indicates that the research hypothesis cannot be accepted. This finding indicates that net profit in this sector is not only influenced by internal factors such as cost efficiency and revenue volume, but is more influenced by external factors such as fluctuations in raw material prices, exchange rate volatility, changes in global trade policies, and increasingly complex consumer demand dynamics.

This study has several limitations that need to be considered. First, the number of independent variables used in this research model is still limited, only covering operational costs and sales revenue. The exclusion of other factors such as production costs, raw material costs, financial leverage, diversification strategies, and investment in product innovation, most likely affects the low ability of the model to explain variations in net income. Second, the limited number of samples in ten textile sector companies means that the results of this study cannot be fully generalized to the entire textile industry in Indonesia. In addition, the disparity in company size, differences in business strategies, and uneven levels of operational efficiency also contribute to challenges in compiling the analysis model.

Nevertheless, the results of this study still provide important contributions to the development of financial management practices in the textile sector. This study underlines the need for a more holistic strategic management approach, not only focusing on internal cost control, but also paying attention to adaptation to changes in the external business environment. Companies need to strengthen their competitiveness by implementing product innovation, carrying out supply chain efficiency, and building market diversification to reduce dependence on domestic markets that are vulnerable to changes in consumer trends. In addition, investment in environmentally friendly technologies and sustainable product certification are also strategic opportunities to increase added value and expand international market access.

For further research, it is recommended to expand the model by adding external variables such as exchange rates, global raw material prices, inflation rates, and managerial factors such as corporate governance and product innovation. Research with a longitudinal approach is also recommended to capture the dynamics of changes in the company's financial performance in the long term. Thus, the results of future research are expected to provide a more comprehensive contribution to the understanding of the determinants of net profit in the garment and textile sector, as well as provide more applicable strategic recommendations for the development of the national textile industry in facing increasingly tight global competition.

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