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Effect of Short-Term Debt on Sales Growth in Food and Beverage Companies

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Abstract
The company plays a role as a contributor to the country's economic progress. Companies need variable debt to continue to grow and increase production. Companies engaged in the food and beverage business are PT. Sentra Food Indonesia Tbk, PT Sentra Food Indonesia Tbk (FOOD) is one of the companies that currently continues to grow. PT. Short-term debt can help companies meet fund needs that cannot be met with internal resources, such as to finance operational activities. This research method uses a quantitative approach. Researchers collected data on short-term debt, and sales growth, then made calculations. Based on the analysis conducted, short-term debt fluctuates and the average current ratio in the company is 0.64. The development of sales growth shows unfavorable numbers from 2019 to 2022. The results showed that the current ratio did not have a significant effect on sales growth. The positive number but the independent variable is very insignificant to the dependent variable so that there is no significant influence between short-term debt on the company's growth.
Keywords: Short Term Debt, Sales Growth, Financial Statements, Sales, Financials.

Introduction

Over the past few decades, the world has experienced significant economic progress in many countries. Global phenomena are the main driver in accelerating economic growth in various countries then connecting previously isolated markets more effectively. Some of the factors that have contributed to this progress include globalization, technological developments, increased access to information, and infrastructure developments (Pride et al., 2019). Changes in global trade patterns have played an important role in the development of the world economy. The rising middleclass population in developing countries has created an increasing demand for products and services from all over the world. This encourages increased international trade, providing new opportunities for countries to develop their export sectors and diversify their economies. Globalization has allowed for a morefree flow of goods, capital, and labor between countries (Utama & Mustika, 2022).

Globalization creates new opportunities for companies to grow and market their products and services in various markets around the world, despite uneven economic progress around the world (Yannan et al., 2022). The globalization of countries' economies is a phenomenon that occurs when countries around the world are increasingly connected economically through international trade, foreign investment, and the free flow of capital. This condition results in increased dependence between countries in terms of trade and investment, and affects economic growth and development in each country. The flow of economic globalization brings benefits such as increased access to global markets, technology transfer, and efficient resource allocation. However, it also creates challenges such as increased competition, vulnerability to the global financial crisis, and economic inequality between countries. Therefore, all countries must be able to manage the effects of globalization Wisely to obtain maximum benefits and prevent potential economic losses.

Many countries still face economic challenges such as unemployment, poverty, and large economic disparities and steps need to be taken to promote economic inclusion and sustainable development in all countries (Utama & Suryani, 2023). Economic challenges have always been a major concern in the development of a country. Increasing globalization, technological changes, and geopolitical uncertainty are factors that affect the economy significantly. To meet this challenge, countries must develop innovative and adaptive strategies. By prioritizing human capital development, economic diversification, trade promotion, as well as prudent implementation of macroeconomic policies, the country can overcome economic challenges and promote sustainable growth.

The company acts as a contributor to the country's economic progress (Istan, 2021). Some examples of multinational companies that are widely considered contributors to economic progress globally are Apple, Microsoft, Amazon, and Tesla. Then, there are local companies that play an important role in the country's economic growth. Lifestyle changes, shifting needs, and product innovation have been major factors in the increasing demand and popularity of various industries. It is important to consider that every country has reliable companies that contribute to its economic growth, whether in the technology, manufacturing, energy, or other industrial sectors (Mukhsin & Suryanto, 2022).

Sales growth is an important performance indicator for a business (Xie et al., 2022). This variable describes the progress and success of the company in achieving targets and increasing revenue. Currently, sales have experienced significant development, especially with advances in technology and online marketing. The company's sales growth in the food and beverage business sector has experienced a significant surge in recent years. Lifestyle changes, modern people tend to be busier and look for practical solutions to meet their daily nutritional needs. This condition has led to an increase in demand for ready-to-eat foods and drinks, snacks, and instant drinks that can be consumed quickly and easily. In addition, shifting consumer needs certainly affect the sales growth of food and beverage companies. The need for healthy, natural and sustainable food and beverages is getting higher. Consumers pay more attention to the quality of raw materials, environmentally friendly production processes, and clear nutritional information. In response, food and beverage companies have come up with a variety of organic, gluten-free, added sugar-free, and other innovations to meet these demands. Not only that, product innovation is also an important factor in the sales growth of food and beverage companies. Overall, the sales growth of food and beverage companies is the result of lifestyle changes, shifting consumer needs, and product innovations carried out by these companies. Companies that are able to anticipate and adapt to market trends and needs will certainly continue to experience positive growth in the future.

Access to information and products offered with various conveniences, consumers have more choices and comfort in shopping (Alzoubi et al., 2022). Consumer demand continues to grow encourages companies to continue to innovate in creating products that are more attractive and in accordance with market preferences. The use of technology in product development such as the addition of nutritional content, reduction of additives, and adoption of alternative raw materials has helped companies maintain a competitive advantage and increase the attractiveness of their products. By tapping into the vast and diverse market potential, as well as adapting to changing consumer needs and trends, the company can achieve a good increase in sales and strengthen its position in the market (Wahyudi, 2020).

Companies certainly need short-term debt to continue to grow and increase production. Companies must continue to pay attention to risks associated with short-term debt, such as high interest, interest payment burden, and inability to pay debt on time (Istiak & Serletis, 2020). Companies should consider carefully before taking on short-term debt and ensure that they have a solid plan for managing that debt. Short-term debt can help companies meet funding needs that cannot be met with internal resources, such as to finance daily operations, buy inventory, pay employee salaries, or expand the business.

Short-term debt provides financial flexibility to companies. Companies can leverage short-term debt to take advantage of business opportunities or face temporary financial challenges without having to use existing funds. Short-term debt helps companies in managing their cash flow more efficiently (Widyastuti & Aryuti, 2020). In some cases, companies may use short-term debt to pay their obligations before their cash inflows from sales or other activities (Chris B. Murphy, 2020). Having short-term debt can increase a company's liquidity by utilizing additional available funds. Short-term debt can help companies avoid financial difficulties or take advantage of business opportunities that arise quickly (Maryati & Siswanti, 2022).

Companies engaged in the food and beverage business sector are one of the businesses that currently continue to grow (Utama et al., 2020). Fierce competition and fluctuations in the cost of raw materials are very significant, the selection of the right debt structure can affect the financial performance of the company (Utama, 2023). Companies certainly need working capital to finance daily activities such as buying raw materials, paying employee salaries, or managing inventory (Lesmana et al., 2022). Short-term debt can be a quick and flexible source of funding to meet these needs. In business activities, sometimes there are business opportunities that must be taken immediately to face market demand or take advantage of emerging trends (Hermansson & Jonsson, 2021). Short-term debt can provide quick funding to take advantage of this opportunity and earn further profits. Companies often have fluctuating cash cycles, where cash flows in and out can be volatile. By having access to short-term debt, companies can maintain their liquidity and overcome temporary cash shortfalls without having to sell assets or cease operations. Short-term debt can provide flexibility in managing company finances.

One company that continues to grow in the food and beverage business and go public is PT. Sentra Food Indonesia Tbk. PT Sentra Food Indonesia Tbk (FOOD) is a food and beverage manufacturer, established on June 28, 2004. The company is the parent of PT Kemang Food Industries (Kemfood), processed meat producers, and PT Sapbeverages Indonesia, which produces various types of beverages. Kemfood was pioneered by Mr. Bob Sadino in the 1970s before being acquired by Sentra Food. The company produces processed meat products such as beef sausages, smoked beef, meatballs, and beef patties. The factories are located in Pulo Gadung, East Jakarta, and Depok, West Java, while the head office is in Equity Tower 29th Floor, Sudirman Central Business District, Jakarta. Here's a look at sales developments PT. Sentra Food Indonesia Tbk

Table 1.1
Net sales growth on PT. Sentra Food Indonesia Tbk

Year	Net Sales (in millions of rupiah)
2018	122.056
2019	126.257
2020	94.563
2021	91.560
2022	87.017
Jumlah	556.150
Rata-rata	111.230

Source: Annual Report PT. Sentra Food Indonesia Tbk, data processed (2023)

Based on the data above, it can be seen that sales development has fluctuated, in 2019 net sales rose, then continued to fall every year until 2022. The decline in sales certainly makes the company's management continue to improve performance. The decline in sales has an impact on short-term debt, when sales decline, the company's revenue decreases, so the company's ability to pay short-term debt can also be affected. If the company cannot make enough money to pay short-term debt, it needs to take steps such as debt restructuring, or applying for additional loans. Furthermore, a decline in sales can have a negative impact on investors' confidence in the company, which can make it difficult for the company to obtain additional credit or loans in the future (Utama, 2023).

If a company uses short-term debt to finance day-to-day operations, including inventory purchases and other operating expenses, sales growth can be closely related to the company's ability to manage and pay the debt. If the company fails to manage short-term debt well, this can certainly affect the company's liquidity and ability to meet customer demand, thus also affecting sales growth. High short-term debt can affect the perception of outsiders or investors on credibility and trust in the company. If investors or potential customers have concerns regarding the financial stability of the company, this can affect its attractiveness to potential customers and potential business partners. Low trust can make it difficult for a company to increase its sales, especially if there is strong competition from other companies.

Therefore, based on the explanation, there is a link between short-term debt and sales growth in the context of corporate finance. Short-term debt is a source of funds used by the company to finance operational activities, including meeting working capital needs such as inventory purchases, salary payments, overtime, and other daily expenses. Sales growth is an indicator of a company's success in increasing revenue from the sale of their products or services. Companies often need additional sources of funds to support sales growth, such as increasing production, expanding marketing networks, or developing new products. The decline in sales and short-term debt are closely related in the financial context of the company. Based on the explanation in the introduction above, the problem to be discussed in this study is how to describe the ratio for short-term debt and sales growth? How does short-term debt affect sales growth? How much influence does short-term debt have on sales growth?

Method

This research method uses a quantitative approach. Quantitative research methods are research approaches that use numerical numbers and data to analyze social or scientific phenomena (Sugiyono, 2020). This study focuses on data collection through research instruments such as questionnaires, structured interviews, controlled observations, or the use of secondary data. Quantitative methods use statistical analysis to test hypotheses, identify patterns, and make generalizations about the larger population. The goal is to objectively measure and explain the relationships between variables in a population or sample (Djaali, 2021).

The object of research in this quantitative method is the variables of short-term debt and sales growth measured quantitatively. Quantitative methods of collecting data in the form of numbers or numerical data to be analyzed and evaluated using statistical techniques. In this study, the object of research is in the form of dependent variables (variables that we want to understand, predict, or explain) sales growth and independent variables (variables that have the potential to affect dependent variables) current ratio. In this study the effect of short-term debt becomes an independent variable, while sales growth will be the dependent variable. Data collection is carried out with secondary data from the financial statements of PT. Sentra Food Indonesia Tbk taken from 2018 to 2022. Short-term debt is measured using the current debt ratio, while sales growth is measured as the dependent variable in this study. Researchers collected data on short-term debt, and sales growth, then calculated the current ratio and sales growth with the following formula:

Current Ratio = Current Assets/ Current Debt
Sales Growth = (S1-S0)/ S0 X 100%

Then data analysis was carried out using the linear regression method. Regression equations are used to model the relationship between the independent variable (X) and the dependent variable (Y). In general, the regression equation can be written as follows:

$Y = a + bX$

Where

Y is the value of the dependent variable you want to predict.
X is the value of the independent variable used to predict Y.
a is an intercept, that is, the value of Y when X **= 0.**
b is the slope, which is the change in Y resulting from a change in one unit in X.

In this study, the financial statements of PT. Sentra Food Indonesia Tbk taken from 2018 to 2022 will be analyzed using statistical techniques such as regression analysis, variance analysis (ANOVA), t test, or chi-square test. To see the magnitude of the effect using R Square, R-Squared (R^2) is a statistical measure used to measure how well regression models can account for variations in the dependent variable. R^2 ranges from 0 to 1, where the higher the value indicates that the model has a better ability to explain changes that occur in the dependent variable.

Quantitative methods are used by researchers to generalize research results to a wider population, because the data collected are objective and can be measured numerically. The results of this quantitative method research can also be used to verify hypotheses and make predictions based on measurable data. In regression analysis, the main goal is to find optimal values for a and b that provide accurate predictions. For regression of the effect of short-term debt and long-term debt on net income by using Excel Microsoft Office 365.

Result and Discussion

In this quantitative article, researchers discuss short-term debt and sales growth as a result of research conducted using data analysis and statistical methods. The results of this study are expected to gain a clearer understanding of the phenomenon or relationship being studied in a quantitative context. In this article, researchers present the main findings of our study and conduct an in-depth look at these results. We will also discuss the implications and significance of these findings in a broader context, as well as provide appropriate interpretations so that the meaning of the findings is derived. In addition, researchers will also report and analyze the data we have used in this study. The development of current ratio and sales growth can be seen in the following table:

Table 3.1
Current Ratio and Sales Growth Development Table of PT. Sentra Food Indonesia Tbk Year 2018 s.s. 2022

Year	CR (X)	Sales Growth (%)
2018	0,76	21,72
2019	1,13	3,44
2020	0,75	-25,10
2021	0,56	-3,18
2022	0,02	-0,05
Sum	3,22	-3,17
Average	0,64	-0,63

Source: Annual Report PT. Sentra Food Indonesia Tbk, data processed (2023)

In the table above, it can be seen that the current ratio of PT. Sentra Food Indonesia Tbk shows fluctuating numbers. The average current ratio in the company is 0.64. A good current ratio is in the range of 1.5 to 3. However, the ideal current ratio figure returns to each industry. A good current ratio figure shows that the company can pay all its short-term debt with its current assets, so there is less risk of delay. Then for the development of sales growth, it shows an unfavorable number from 2019 to 2022. According to Stockopedia, sales growth of 5-10% is usually considered good for large companies, and the expected figure for companies that are not too large is more than 10%.

The effect of short-term debt on sales growth is directly tested by the variable short-term debt on sales growth with output results in the following table:

Tabel 3.2
Tabel Coefficients

	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	-2,404438732	17,50781	-0,13734	0,899465
CR (X)	2,753287416	23,69023	0,11622	0,914821

Source: Microsoft Office 365 Excell output, data processed (2023)

In table 3.1. it can be seen that t significance or P-value shows 0.91, this shows that the significance number > 0.05, variable current ratio does not have a significant effect on sales growth. In this situation, it is possible for the company to use short-term debt for the company's technical operational purposes so that it does not significantly affect annual sales growth. The t-test on regression is used to determine the statistical significance of regression coefficients in linear regression models. This t-test involves calculating the statistical t-score by dividing the regression coefficient by the standard error coefficient. The standard error coefficient measures the extent to which the estimated regression coefficient can vary from the variables and samples studied. The p-value resulting from the t-test is greater than the established significance level (0.05), hence we cannot reject the null hypothesis and conclude that the regression coefficient is not statistically significant. The p-value is greater than the significance level, and concludes that there is no significant influence between the independent variable and the dependent variable in the model.

The variable short-term debt is known to have a large influence on the sales growth of a company using R Square. R^2 is calculated by comparing the variability described by the model to the total variability. Mathematically, R^2 can be expressed as a percentage of the dependent variable's change that can be described by the independent variable in the regression model. An R^2 value of 0 indicates that the model provides no explanation at all for the variability of the dependent variable, while an R^2 value of 1 indicates that the model can provide a perfect explanation for that variability. In the context of this study, the magnitude of the influence of short-term debt variables on sales growth can be seen in the following table:

Table 3.3
Summary Output

Regression Statistics	
Multiple R	0,066949323
R Square	0,004482212
Adjusted R Square	-0,327357051
Standard Error	19,29317521
Observations	5

Source: Microsoft Office 365 Excell output, data processed (2023)

Based on table 3.3. the magnitude of the influence of short-term debt variables on sales growth can be seen in the R Square value of the table above, the R Square value shows 0.004 or 0.4%. The number of positive but very insignificant influences of variable X on Y. For R^2 values do not provide information about the validity or compatibility of the model as a whole. Therefore, it is important to look at and evaluate other metrics and then interpret the results of the regression analysis.

Research shows that there is no significant effect between short-term debt on company growth. The findings suggest that food and beverage companies that have higher short-term debt do not tend to have lower net incomes, but vice versa. This can be due to the company's ability to use the funds to develop operations, increase sales, or make more profitable long-term investments.

Conclusion

Based on this study it can be concluded that

1. Based on the analysis conducted, short-term debt fluctuates and the average current ratio in the company is 0.64. A good current ratio figure shows that the company can pay all its short-term debt with its current assets, so there is less risk of delay. For the development of sales growth, it shows an unfavorable number from 2019 to 2022.
2. For the partial influence test, it can be seen that t significance shows 0.91 which shows that the significance number > 0.05, the current ratio does not have a significant effect on sales growth. In this condition, the company may use short-term debt for the company's technical operational purposes so that it does not significantly affect annual sales growth.
3. The effect of short-term debt variables on sales growth can be seen in the R Square value of the table above, the R Square value shows 0.004 or 0.4%. The number of positive but very insignificant influences on Y. The results showed that there was no significant influence between short-term debt on company growth.

This research shows that debt structure in the form of short-term debt does not have a significant influence on sales growth in food and beverage companies. However, it is still important for companies to manage short-term debt wisely in order to minimize risks to sales growth and create sustainable financial stability. The relationship between short-term debt and sales growth can be very complex and can be influenced by many other factors such as market conditions, a company's business strategy, and also macroeconomic factors. Therefore, it is important for companies to manage short-term debt wisely and consider the implications for variable sales growth in the broader business context.

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