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THE EFFECT OF COMPANY GROWTH AND LEVERAGE ON PROFITABILITY AT PT SUMBER ALFARIA TRIJAYA TBK FOR THE PERIOD 2015–2024

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Abstract

This research aims to analyse the influence of company growth and leverage on the profitability of PT Sumber Alfaria Trijaya Tbk from 2015-2024. An interesting phenomenon occurred when declining growth and deleveraging were followed by a significant increase in Return on Equity (ROE) from 23.97% to 45.61%, contradicting Penrose's theory of firm growth. The research method uses a quantitative approach with multiple regression analysis on audited annual financial statement secondary data. The independent variables include profit growth (Growth) and the Debt-to-Equity Ratio (DER), while the dependent variable is ROE. The test results show that partially, company growth has no significant effect on profitability (sig. 0.590 > 0.05), while DER has a negative and significant effect on ROE (sig. 0.000 < 0.05) with a coefficient of -0.115. Simultaneously, both variables significantly influence profitability with an F-statistic of 102.681 and a contribution of 95.8% (Adjusted R^2 = 0.958). This finding indicates that in the retail industry with thin margins, operational efficiency and a conservative capital structure play a more significant role in improving profitability than aggressive expansion. This research provides practical implications for management to implement deleveraging and asset optimization strategies, as well as theoretical contributions to enrich financial management literature in the context of retail companies in the developing Indonesian market.

Keywords: PT Sumber Alfaria Trijaya Tbk, company growth, leverage, return on equity, debt to equity ratio, retail industry

Introduction

The modern retail sector in Indonesia has experienced very rapid growth in the last twenty years. This industry plays a crucial role in the country's economy, particularly in absorbing labor and meeting the consumption needs of society. According to data from the Central Bureau of Statistics, the trade sector, both large and small, makes a significant contribution to Indonesia's Gross Domestic Product. Economic stability and increased purchasing power have driven the growth of the retail business, especially convenience stores, which now reach various areas, even isolated ones.

PT Sumber Alfaria Trijaya Tbk, better known by the Alfamart brand, is one of the major players in Indonesia's largest retail industry. This company has become a network of convenience stores with thousands of branches spread throughout Indonesia. In its operations, retail companies like Alfamart face several strategic challenges, such as managing business growth, capital structure, and efforts to improve profitability. Making the right financial decisions is key for companies to remain competitive and create value for stakeholders.

Profitability is a fundamental indicator that shows a company's ability to generate profits from its available resources. Return on Equity (ROE), as one of the profitability ratios, is a key focus for management and investors because it measures how effectively a company generates profits from the capital invested by shareholders. High profitability reflects operational efficiency and management's ability to manage assets optimally.

Table 1.1
Company Research Variable Data
PT. Sumber Alfaria Trijaya Tbk, 2013-2024

No	Tahun	X1	X2	Y
		Growth	DER	ROE
		(%)	(%)	(%)
1	2015	15,54	213,30	31,92
2	2016	16,24	267,80	27,19
3	2017	9,55	317,16	23,97
4	2018	8,71	268,35	27,15
5	2019	9,17	248,51	28,69
6	2020	3,95	240,09	29,40
7	2021	11,97	205,83	32,70
8	2022	14,16	168,04	37,31
9	2023	10,34	118,06	45,86
10	2024	10,55	119,25	45,61

Based on the financial data of PT Sumber Alfaria Trijaya Tbk for the period 2015-2024, there are interesting dynamics to analyze further. The company's growth, represented by the growth figures, shows a significant movement throughout the period studied. In 2015, its growth was recorded at 15.54%, but it experienced a decline, reaching a low of 3.95% in 2020. This situation may be influenced by the impact of the COVID-19 pandemic, which disrupted the global economy. However, the company showed recovery with growth reaching 14.16% in 2022, although it later slowed to 10.34% in 2023 and 10.55% in 2024.

The company's leverage, measured using the Debt to Equity Ratio (DER), also experienced a significant shift. Data shows that the DER in 2015 was at 213.30% and continued to fluctuate throughout the observation period. The highest DER was recorded in 2017 at 317.16%, indicating significant debt usage in the capital structure. Interestingly, from 2021 to 2024, the DER consistently decreased from 205.83% to 119.25%, suggesting a shift in financing policy toward a more conservative capital structure by reducing reliance on debt.

Profitability, measured thru ROE, shows a different and unique pattern compared to the other two variables. ROE in 2015 was recorded at 31.92% and decreased to 23.87% in 2017. However, between 2019 and 2024, ROE showed a fairly stable upward trend, with significant spikes occurring in 2023 and 2024, reaching 45.86% and 45.61% respectively. This striking increase in ROE is a fascinating phenomenon considering the slowing growth and decrease in leverage that occurred during the same period.

This phenomenon raises important questions about the relationship between company growth and the use of debt in relation to profitability. Theoretically, company growth is expected to have a positive effect on profitability because business expansion can increase sales volume and operational efficiency. However, field data shows that slowing growth is actually followed by a significant increase in ROE. Additionally, regarding debt, capital structure theory states that utilizing debt can increase profits for shareholders thru the impact of financial leverage, although data shows that a decrease in DER is actually associated with an increase in ROE. This discrepancy between theory and field facts indicates the complexity of the relationships between variables that needs further analysis. Some previous studies have shown varying results regarding the impact of company growth and debt on profitability. Research by Widhi and Suarmanayasa (2021) shows that sales growth has a positive impact on profitability, while Susilawati and Purnomo (2023) found that company growth does not have a significant impact on profitability. The same applies to debt, where Trisnayanti and Wiagustini (2022) found a positive influence of debt on profitability, while Febriani (2020) highlighted a negative and significant impact.

The existing research results show that the relationship between firm growth, debt usage, and profitability still needs further investigation in different contexts. Research on retail companies, particularly PT Sumber Alfaria Trijaya Tbk, is important due to the characteristics of the retail industry, which has a high level of competition, relatively small profit margins, and is highly dependent on rapid asset turnover. These unique characteristics have the potential to make the dynamics of the relationship between financial variables in retail companies different from other industrial sectors.

This research is relevant and important for several reasons. First, this research provides empirical insights into the financial strategies of retail companies in the face of rapid market changes. Second, the results of this research can be considered by company management when making decisions regarding growth policies and capital structure to achieve optimal profitability. Third, for investors and potential investors, this research provides important information about the factors that influence company financial performance, which can be used as a basis for investment decision-making. Fourth, academically, this research contributes to expanding the literature on financial management, particularly in the context of the retail industry in Indonesia.

Based on the context and phenomena that have been explained, this study aims to analyze and test the influence of company growth and debt usage on profitability at PT Sumber Alfaria Trijaya Tbk during the period 2015-2024. Specifically, this research will examine the separate effects of company growth, measured by growth, on profitability, measured by ROE; the separate effects of debt usage, measured by the

Debt to Equity Ratio (DER), on profitability; and the combined effects of company growth and debt usage on profitability.

By using a quantitative approach and multiple regression analysis, this study is expected to provide objective empirical evidence regarding the causal relationship between these variables. The results of this research are expected to provide practical contributions to companies in formulating effective financial strategies, as well as theoretical contributions to the development of financial management theory, particularly in the context of retail companies in developing markets like Indonesia.

Theoretical Framework

1. Company Growth

Company growth is an important measure that indicates an organization's ability to increase its operational size over time. The concept of corporate growth is based on the theory of firm growth proposed by Penrose (1959), which states that a company consists of productive resources that can expand thru the efficient utilization of internal resources.

Company growth can be defined as a positive shift in the size or volume of a business, evident thru an increase in total assets, revenue, or profit from period to period. From a financial perspective, company growth reflects how well a company can increase its production capacity, expand its market share, and maximize the use of its resources.

Company growth can be measured using various indicators, one of which is sales growth, which shows an increase or decrease in business revenue compared to the previous period. Positive sales growth indicates that the products or services offered are attractive to the market and are able to compete well. Companies with high growth typically have brighter prospects for future profitability, as they demonstrate sustainable business development.

Formula:

$$\text{Profit Growth} = \frac{Net\ Profit\ Year\ t - Net\ Profit\ Year\ t-1}{Net\ Profit\ Year\ t-1}\ X\ 100\%$$

Souece: Kasmir (2019)

2. Leverage

Leverage is a company's financing policy related to the decision of how much the company utilizes external funds in the form of debt to support its operational and investment activities. The concept of leverage has a theoretical basis in the capital structure theory proposed by Modigliani and Miller (1958), which states that in a perfect market, capital structure does not affect the value of a company. However, in the reality of business, the use of debt has significant consequences related to risk and financial performance.

The Debt-to-Equity Ratio (DER) is one of the most frequently used leverage ratios to assess the proportion of a company's financing that comes from debt compared to equity. The DER describes a company's capital structure and its level of dependence on creditors. The higher the DER value, the greater the proportion of debt in the capital structure, which means the financial risk faced also increases.

The use of debt in the capital structure has two distinct sides. On the one hand, debt can be an efficient funding solution because interest on debt can reduce the tax burden (tax savings effect). However, on the other hand, excessive debt can increase the risk of bankruptcy and the interest burden to be borne, potentially reducing net profit available to shareholders.

Formula:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Liabilities}{Total\ Equity}\ X\ 100\%$$

Source: Kasmir (2016)

3. Profitability

Profitability is an important measure that reflects a company's ability to generate profits from all operational and investment activities it undertakes. The principle of profitability is derived from corporate theory, which states that the primary goal of a company is to maximize profits or company value.

Return on Equity (ROE) is a ratio that measures the extent to which shareholders earn a return on their investment in a company. ROE indicates how well a company uses its own capital to generate net profit. This ratio is an important benchmark for investors in evaluating management performance and the value of an investment in a company

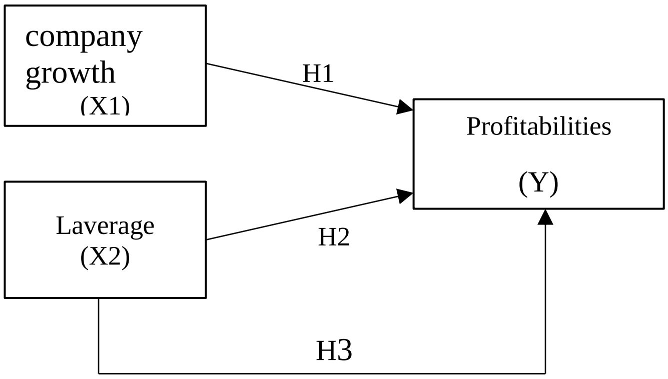
Showing a high ROE means the company is successfully generating optimal profits from every rupiah invested by shareholders. This reflects efficiency in resource management and the ability to create value for company owners. On the other hand, low ROE can indicate problems with operational efficiency or less effective managerial policies in utilizing existing financial resources.

Formula:

$$\text{Return On Equity} = \frac{Net\ Profit}{Total\ Equity}\ X100\%$$

Source: Kasmir (2018)

Based on the theory and formulation of the problem presented by the author, the following is a framework of thought:



Source: developed in this study (2025
Image: 1. Conceptual Framework

Hypotheses

H_1: Company growth has a separate influence on the profitability of PT Sumber Alfaria Trijaya Tbk during the period 2015-2024.

H_2: Leverage has a separate influence on the profitability of PT Sumber Alfaria Trijaya Tbk during the period 2015-2024.

H_3: Company growth and leverage jointly influence the profitability of PT Sumber Alfaria Trijaya Tbk during the period 2015-2024.

Method

This research employs a quantitative approach thru descriptive and verificative methods. The quantitative approach was chosen because the purpose of this study is to investigate the causal relationship between the variables under investigation using numerical data. The descriptive method is used to describe the characteristics of variables related to company growth, leverage, and profitability, while the verificative method is used to test hypotheses about the impact of company growth and leverage on profitability at PT Sumber Alfaria Trijaya Tbk.

In this study, the population examined includes all published financial statements of PT Sumber Alfaria Trijaya Tbk. The sample used is the annual financial statements of PT Sumber Alfaria Trijaya Tbk from 2015 to 2024, covering a total of ten observation periods. The selection of this period is based on the availability of complete and consistent data, covering a sufficiently long timeframe to identify patterns in the relationship between variables. The sampling technique applied is purposive sampling, provided that the company has complete audited and published financial statements for the research period.

The data used in this study is secondary data obtained from the annual financial statements of PT Sumber Alfaria Trijaya Tbk thru the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id, and the company's official website. The data collected includes information related to total assets, total liabilities, total equity, and net profit after tax, which is then processed to calculate the financial

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ratios that are the focus of the research. The documentation method is used in data collection by recording, downloading, and classifying relevant financial information from the statement of financial position and the statement of comprehensive income.

For data analysis, this study utilized the Statistical Package for the Social Sciences (SPSS) version 25 program. Data analysis techniques included classical assumption testing, multiple regression testing, and hypothesis testing using t-tests, F-tests, and the Coefficient of Determination test.

Results

1. Classical Assuption Test

A. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	1,38702208
Most Extreme Differences	Absolute	0,211
	Positive	0,211
	Negative	-0,147
Test Statistic		0,211
Asymp. Sig. (2-tailed)		0,200[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: Data processed using SPSS 25
Figure: 2. Normality Test

Results Based on the normality test results using the Kolmogorov-Simonov statistical test, it is explained that the 10 data points have a standard deviation of 1.38702208. It can be seen that the Asymp. Sig (2-tailed) value is 0.200, indicating that the normality test meets the passing requirement, which is 0.200 > 0.05. Therefore, it can be concluded that the residual values are normally distributed.

B. Multicollinearity Test

Coefficients[a]

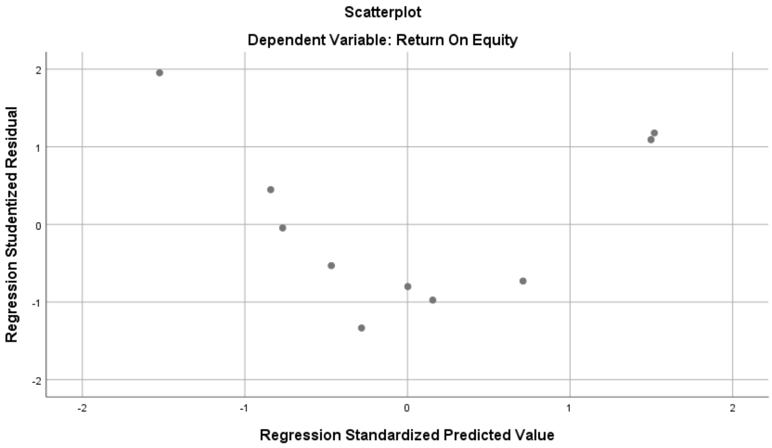
Model		Unstandardized Coefficients		Standardized Coefficients			95,0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	58,830	2,570		22,889	0,000	52,753	64,908					
	Growth	-0,082	0,145	-0,039	-0,565	0,590	-0,424	0,261	0,094	-0,209	-0,039	0,982	1,018
	Debt to Equity Ratio	-0,115	0,008	-0,988	-14,265	0,000	-0,134	-0,096	-0,983	-0,983	-0,979	0,982	1,018

a. Dependent Variable: Return On Equity

Source: Data processed using SPSS 25
Figure: 3. Multicollinearity Test Results

From the image above, it shows that the tolerance values are >0.10 and the VIF is <10. This can be interpreted as meaning that there is no multicollinearity in this study.

Heteroskedasticity Test



Source: Data processed using SPSS 25
Figure: 4. Scatterplot

Based on the test results above, it can be seen that the points are scattered randomly, do not form a clear pattern, and are distributed both above and below the number 0 on the Y-axis. Therefore, it can be concluded that heteroskedasticity does not occur, meaning this regression model is good.

C. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0,983[a]	0,967	0,958	1,57274	0,967	102,681	2	7	0,000	1,148

a. Predictors: (Constant), Growth, Debt to Equity Ratio
b. Dependent Variable: Return On Equity

Source: Data processed using SPSS 25
Figure: 5. Autocorrelation Test

From the statistical test results above, a significance value of 1.148 > 0.05 was obtained. Since the significance value is greater than 0.05, it can be concluded that the data does not have autocorrelation issues, so the research can be continued.

2. Analysis of the Coefficient of Determination (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0,983[a]	0,967	0,958	1,57274	0,967	102,681	2	7	0,000	1,148

a. Predictors: (Constant), Growth, Debt to Equity Ratio
b. Dependent Variable: Return On Equity

Source: Data processed using SPSS 25
Figure: 6. Results of the Coefficient of Determination Test (R2)

Based on the Model Summary above, the adjusted R-squared (R2) value is 0.958 or 95.8%. This indicates that Growth and Debt To Equity Ratio (DER) simultaneously contribute 95.8% to Return On Asset (ROA), while the remaining 4.2% is explained by other variables outside the research model.

3. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B Lower Bound	95,0% Confidence Interval for B Upper Bound	Correlations Zero-order	Correlations Partial	Correlations Part	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	58,830	2,570		22,889	0,000	52,753	64,908					
	Growth	-0,082	0,145	-0,039	-0,565	0,590	-0,424	0,261	0,094	-0,209	-0,039	0,982	1,018
	Debt to Equity Ratio	-0,115	0,008	-0,988	-14,265	0,000	-0,134	-0,096	-0,983	-0,983	-0,979	0,982	1,018

a. Dependent Variable: Return On Equity

Source: Data processed using SPSS 25

Figure: 7. Results of Multiple Linear Regression Test

Based on Table 7 above, the regression equation that can be constructed is as follows:

Y = 58.830 – 0.082X1 – 0.115X2 from the formula above, it can be concluded:

a. The constant (a) is 58.830, indicating that when Growth and Debt To Equity Ratio are constant or have a value of zero (Growth and DER = 0), the value of ROA is 58.830.
b. The Growth variable is -0.082 and has a negative value, meaning that if other independent variables remain constant and Growth changes by 1 unit, ROA (Y) will decrease by 0.082. A negative coefficient means there is a negative relationship between Growth and ROA; the higher the Growth, the lower the ROA.
c. The DER variable is -0.115, meaning that if other independent variables remain constant and DER changes by 1 unit, ROA (Y) will decrease by 0.115. A negative coefficient means there is a negative relationship between DER and ROA; the higher the DER, the lower the ROA.

4. Hypothesis Testing
   a. Partial t-test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B Lower Bound	95,0% Confidence Interval for B Upper Bound	Correlations Zero-order	Correlations Partial	Correlations Part	Collinearity Statistics Tolerance	Collinearity Statistics VIF
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	Debt to Equity Ratio	-0,115	0,008	-0,988	-14,265	0,000	-0,134	-0,096	-0,983	-0,983	-0,979	0,982	1,018

a. Dependent Variable: Return On Equity

Source: Data processed using SPSS 25

Figure: 8. T-test Results (Partial Test)

Berdasarkan Tabel Coefficients dari output SPSS yang ditampilkan, berikut adalah interpretasi hasil analisis regresi berganda dengan variabel dependen Return

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On Equity (ROA/ROE):
Persamaan Regresi Y = 58,830 - 0,082 - 0,115

a) Konstanta (Constant) = 58,830. Nilai konstanta sebesar 58,830 dengan tingkat signifikansi 0,000 (< 0,05) menunjukkan bahwa jika semua variabel independen (Growth dan Debt to Equity Ratio) bernilai nol, maka nilai ROE adalah sebesar 58,830%. Konstanta ini signifikan secara statistik dengan t-hitung sebesar 22,889.
b) Variabel Growth = -0,082. Koefisien regresi Growth bernilai negatif sebesar -0,082 dengan nilai t-hitung sebesar -0,565 dan tingkat signifikansi 0,590 (> 0,05). Hal ini menunjukkan bahwa Growth tidak memiliki pengaruh signifikan terhadap ROE. Artinya, setiap peningkatan 1% pertumbuhan perusahaan akan menurunkan ROE sebesar 0,082%, namun hubungan ini tidak signifikan secara statistik sehingga hipotesis yang menyatakan Growth berpengaruh terhadap ROE ditolak.
c) Variabel Debt to Equity Ratio (DER) = -0,115. Koefisien regresi DER bernilai negatif sebesar -0,115 dengan nilai t-hitung sebesar -14,265 dan tingkat signifikansi 0,000 (< 0,05). Hal ini menunjukkan bahwa DER memiliki pengaruh negatif dan signifikan terhadap ROE. Artinya, setiap peningkatan 1% DER akan menurunkan ROE sebesar 0,115%. Karena t-hitung (-14,265) > t-tabel dengan signifikansi 0,000 < 0,05, maka hipotesis yang menyatakan DER berpengaruh F

b. F-test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	507,961	2	253,981	102,681	0,000[b]
	Residual	17,314	7	2,473		
	Total	525,276	9			

a. Dependent Variable: Return On Equity

b. Predictors: (Constant), Debt to Equity Ratio, Growth

Source: Data processed using SPSS 25

Figure: 8. F-test results (Simultaneous test)

From the ANOVA table, the calculated F-value is 102.681 with a significance level of 0.000[b]. This significance level is much smaller than alpha 0.05 (5%), indicating a highly statistically significant result. Degrees of Freedom (df) Calculation: 1) df_1 (regression) = k - 1 = 3 - 1 = 2 2) df_2 (residual) = n - k = 10 - 3 = 7 (where n = 10 observations, k = 3 parameters) 3) Total df = n - 1 = 10 - 1 = 9 At a significance level of 5%, with df_1 = 2 and df_2 = 7, the F-table value is 4.737 (or approximately 4.459 depending on the table used). Testing Criteria: 1) If F-calculated > F-table, then H_0 is rejected. 2) If significance < 0.05, then H_0 is rejected. Results: Because F-calculated (102.681) > F-table (4.737) with a significance of 0.000 < 0.05, then H_0 is rejected and H_a

is accepted. Simultaneously (together), the independent variables Growth and Debt to Equity Ratio (DER) have a significant effect on the dependent variable Return on Equity (ROE).

Discussion

The results of the multiple regression analysis reveal interesting and complex findings regarding the relationship between company growth, leverage, and profitability at PT Sumber Alfaria Trijaya Tbk from 2015 to 2024. This study found that simultaneously, company growth and leverage have a significant influence on profitability with a contribution of 95.8%, indicating that both variables are highly relevant in explaining the dynamics of retail company profitability.

The finding that company growth does not significantly affect ROE partially contradicts Penrose's (1959) theory of firm growth, which states that business expansion should increase profitability. This result aligns with the research by Susilawati and Purnomo (2023), who also found that company growth did not significantly impact profitability, but it differs from the findings of Widhi and Suarmanayasa (2021). This phenomenon can be explained by the characteristics of the retail industry, which has relatively thin profit margins. As a result, the growth that occurs is more absorbed by network expansion and infrastructure investment than directly contributing to increased returns for shareholders. Data shows that during a period of slowing growth, there was a significant increase in ROE, indicating that operational efficiency and business consolidation may play a more important role than aggressive expansion in creating value for shareholders.

Meanwhile, the negative and significant influence of DER on ROE provides strong empirical evidence that excessive use of debt can harm shareholder profitability. This finding is consistent with Febriani's (2020) research but contradicts Trisnayanti and Wiagustini (2022). This negative relationship indicates that the interest burden and financial risk arising from high leverage outweigh the benefits of the tax savings effect that should have been obtained. The consistent decrease in DER from 317.16% in 2017 to 119.25% in 2024, followed by an increase in ROE from 23.97% to 45.61%, proves that the company's implemented deleveraging strategy has successfully improved profitability. This indicates that in the context of the retail industry, characterized by thin margins and high asset turnover, a more conservative capital structure with lower debt dependence is actually more advantageous.

The practical implications of this research are very important for the management of PT Sumber Alfaria Trijaya Tbk in formulating future financial strategies. Companies should focus on improving operational efficiency and optimizing existing assets rather than pursuing aggressive growth that doesn't immediately increase profitability. Capital structure policy must maintain a moderate DER level to avoid excessive financial burden. For investors, the results of this study signal that companies with deleveraging strategies and a focus on efficiency tend to provide better returns, which can be a consideration in investment decision-making.

Theoretically, this research enriches the financial management literature, particularly in the context of retail companies in emerging markets. The finding that growth is not always directly proportional to profitability provides a new perspective on firm growth theory, particularly in industries with specific characteristics such as modern retail. This research also provides empirical support for the importance of careful capital structure in industries with profit margins sensitive to funding costs.

However, this study has some limitations that need to be acknowledged. First, the relatively limited observation period for a single company restricts the generalizability of the findings to the retail industry as a whole. Second, this study only uses two independent variables, so

However, this study has some limitations that need to be acknowledged. First, the relatively limited observation period for a single company restricts the generalizability of the findings to the retail industry as a whole. Second, this study only uses two independent variables, so there are still other factors that may influence but are not included in the model, such as operational efficiency, marketing strategy, and macroeconomic conditions. Third, the impact of the COVID-19 pandemic, which was evident in the decline in growth in 2020, is an extreme condition that may affect the pattern of relationships between variables. Future research is suggested to expand the study sample by including other retail companies, adding moderating or mediating variables to understand more complex relationship mechanisms, and using a longer observation period to capture the long-term dynamics of relationships between financial variables.

Conclusion

This study analyses the influence of company growth and leverage on the profitability of PT Sumber Alfaria Trijaya Tbk from 2015-2024 using multiple regression analysis. The research results show that simultaneously, company growth and leverage significantly affect profitability with a contribution of 95.8% (F-statistic 102.681, sig. 0.000 < 0.05). However, partially, company growth does not significantly affect ROE (t-statistic -0.565, sig. 0.590 > 0.05), while leverage measured by DER has a negative and significant effect on ROE (t-statistic -14.265, sig. 0.000 < 0.05) with a regression coefficient of -0.115. These findings indicate that in the retail industry with thin profit margins, business expansion does not automatically increase shareholder profitability, and excessive use of debt actually harms profitability because interest expenses outweigh the benefits of tax savings.

The practical contribution of this research provides strategic guidance for management to prioritize operational efficiency and a conservative capital structure over aggressive growth, and informs investors that a deleveraging strategy can improve investment returns. Theoretically, this research enriches the financial management literature by providing empirical evidence that the relationship between growth and profitability is not always linear, especially in the context of the retail industry in emerging markets. It also supports the importance of careful capital structure in industries with profit margins sensitive to funding costs. The limitations of the study include its focus on a single company, which limits generalizability; the use of only two independent variables without considering other factors such as operational efficiency and macroeconomic conditions; and the influence of extreme conditions during the COVID-19 pandemic, which may affect the patterns of relationships between variables. Future research is suggested to expand the sample by including other retail companies, adding moderating or mediating variables to understand more complex relationship mechanisms, and using a longer observation period to capture the long-term dynamics of relationships between financial variables in the Indonesian retail industry.

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