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Capital Intensity Ratio, Asset Growth, and Sales Growth as Determinants of Financial Performance

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Abstract
Research aims: This study examines the effects of Capital Intensity Ratio, Asset Growth, and Sales Growth on the financial performance of food and beverage companies listed on the Indonesia Stock Exchange during 2022–2024.
Design/Methodology/Approach: A quantitative approach was employed using secondary data from annual financial statements. Purposive sampling yielded 14 companies with 42 firm-year observations. Multiple linear regression analysis was conducted using IBM SPSS after satisfying classical assumption tests.
Research findings: Capital Intensity Ratio has no significant effect on financial performance measured by Return on Assets (ROA). In contrast, Asset Growth and Sales Growth positively and significantly affect financial performance. Collectively, the three variables significantly explain corporate financial performance, indicating that asset and sales expansion contribute more to profitability than fixed asset investment.
Theoretical contribution/Originality: This study extends Agency Theory by showing that financial performance is influenced more by effective resource development and management than by capital investment alone. It also provides new evidence from Indonesia's food and beverage sector during 2022–2024 by simultaneously examining Capital Intensity Ratio, Asset Growth, and Sales Growth.
Practitioner/Policy implication: Managers should prioritize strategies that enhance asset productivity and sustain sales growth to improve profitability, while investors may consider asset growth and sales growth as key indicators of future financial performance.
Research limitation/Implication: The study is limited by its three-year observation period, small sample size, and focus on a single industry. Future research should use longer observation periods, broader industry coverage, panel data analysis, and additional variables such as leverage, liquidity, firm size, and corporate governance.

Keywords: Capital Intensity Ratio, Asset Growth, Sales Growth, Financial

Introduction

Financial performance reflects a company's ability to manage its resources to generate profits and increase its value. Financial performance is generally measured through financial ratio analysis, particularly profitability ratios such as Return on Assets (ROA). This ratio indicates a company's efficiency in utilizing its assets and capital to generate profits. The higher the profitability ratio, the better the company's financial performance in carrying out its operational activities (Nurjanah et al., 2025). In addition, ROA is considered one of the most representative indicators in assessing financial performance because it is able to describe the company's ability to generate profits from all assets used in business activities (Le, 2024).

The food and beverage subsector is a strategic sector that contributes significantly to Indonesia's national economic growth. According to data from the Central Statistics Agency (BPS), this subsector consistently contributes to the national Gross Domestic Product (GDP). However, food and beverage companies still face various challenges in improving their financial performance, such as rising production costs, exchange rate fluctuations, and suboptimal asset utilization. This phenomenon can be seen in PT Mayora Indah Tbk (MYOR), which experienced a 14.57% increase in sales in 2024, but the company's net profit actually decreased by 6%. This condition shows that increased sales do not always lead to improved financial performance.

A company's financial performance is influenced by various internal factors, one of which is the Capital Intensity Ratio. The Capital Intensity Ratio reflects the proportion of a company's investment in fixed assets to support its operational activities. This ratio indicates a company's ability to utilize fixed assets such as machinery, buildings, and production equipment to generate profits and improve operational efficiency (Fauzah, 2021). From an agency theory perspective, effective fixed asset management demonstrates management's ability to optimize company resources to improve shareholder welfare.

In addition to the Capital Intensity Ratio, Asset Growth is also a factor that can influence a company's financial performance. Asset Growth describes the growth of a company's total assets from one period to the next, reflecting business expansion and increased operational capacity. Companies with good asset growth are generally considered to have positive business prospects and sustainable operational capabilities (Kasmir, 2019). Furthermore, Sales Growth also plays an important role in improving a company's financial performance because sales growth reflects the company's ability to maintain and expand market share through effective marketing and operational strategies.

Previous studies have reported inconsistent findings regarding the effects of Capital Intensity Ratio, Asset Growth, and Sales Growth on financial performance. While some studies documented positive and significant relationships, others found insignificant effects. These inconsistencies indicate that the theoretical predictions of Agency Theory regarding the effectiveness of managerial decisions in allocating resources, expanding assets, and increasing sales have not been fully resolved. Therefore, an unresolved theoretical issue remains concerning whether these managerial decisions consistently translate into improved financial performance.

From an empirical perspective, most previous studies have focused on different sectors such as manufacturing, mining, agriculture, and automotive industries. In addition, the majority of studies examined Capital Intensity Ratio, Asset Growth, and Sales Growth separately. Limited evidence exists regarding their simultaneous influence on financial performance within the food and beverage industry, particularly during the post-economic recovery period of 2022–2024.

This study contributes to the literature in three important ways. First, it extends Agency Theory by examining how managerial decisions related to fixed asset investment, asset expansion, and sales growth jointly influence financial performance. Second, it addresses the inconsistency of prior empirical findings by testing these variables simultaneously within a single model. Third, it provides updated evidence from Indonesian food and beverage companies during the 2022–2024 period and demonstrates that Asset Growth and Sales Growth are stronger determinants of financial performance than Capital Intensity Ratio.

Literature Review and Hypothesis Development

Theoretical Framework

Agency theory explains the contractual relationship between company owners (principals) and management (agents) in carrying out company activities. Shareholders, as principals, authorize management, as agents, to manage company resources with the aim of increasing company value and shareholder welfare. However, in practice, conflicts of interest often arise because management has more information than company owners (information asymmetry), potentially making decisions that are not always in line with shareholder interests (Jensen & Meckling, 1976; Lesmono & Siregar, 2021).

From an agency theory perspective, financial performance is one of the tools used by shareholders to evaluate management's success in managing company resources. Good financial performance demonstrates that management is able to carry out its responsibilities effectively, thereby achieving company goals. Therefore, financial performance, as proxied by Return on Assets (ROA), can be used as an indicator to assess management's ability to generate profits from all company assets.

The relationship between agency theory and the Capital Intensity Ratio lies in management's decisions regarding investment allocation in the company's fixed assets. Shareholders expect management to use fixed assets efficiently to increase company productivity and profitability. If fixed asset investments are made appropriately and generate optimal revenue, the company's financial performance will improve. Conversely, inefficient use of fixed assets can result in high operational costs and depreciation, thus reducing company profitability.

Agency theory also explains the relationship between asset growth and a company's financial performance. Asset growth reflects management's decisions regarding business expansion and development. Shareholders expect management's asset growth to create profitable investment opportunities and increase the company's ability to generate profits. Thus, effectively managed asset growth can signal that management is successfully utilizing company resources to increase company value and financial performance.

Furthermore, the relationship between agency theory and sales growth is evident in management's ability to increase company sales through marketing strategies, product development, and operational efficiency. Increased sales demonstrates management's ability to effectively manage the company's operational activities, thereby generating greater revenue. Sustained sales growth is expected to increase company profits and provide greater returns for shareholders. Therefore, sales growth can be used as an indicator of management's success in fulfilling principal interests by improving the company's financial performance.

Based on agency theory, the Capital Intensity Ratio, Asset Growth, and Sales Growth are indicators that reflect the effectiveness of management decisions in managing company resources. The better management's ability to manage fixed asset investments, develop company assets, and increase sales, the better the company's financial performance will be. Thus, agency theory serves as a theoretical foundation explaining the relationship between the Capital Intensity Ratio, Asset Growth, and Sales Growth on company financial performance.

Capital Intensity Ratio and Financial Performance

According to agency theory, management, as an agent, is responsible for effectively managing company resources to improve the welfare of shareholders as principals. One form of this management is investment decisions in fixed assets, which are reflected in the Capital Intensity Ratio. This ratio indicates how much a company allocates its funds to fixed assets to support operational activities. The higher the Capital Intensity Ratio, the greater the company's investment in fixed assets such as machinery, production equipment, and operational facilities. These investments are expected to increase production capacity, operational efficiency, and product quality, thereby increasing company sales and profits (Aldy et al., 2018). From an agency theory perspective, management's success in utilizing fixed assets productively reflects its ability to effectively carry out shareholder mandates.

However, high fixed asset investment can also increase depreciation and maintenance costs. Therefore, the impact of the Capital Intensity Ratio on financial performance depends heavily on management's effectiveness in optimizing the use of the company's assets. If fixed assets generate more revenue than they incur, Return on Assets (ROA) will increase. Research (Erika et al., 2024) dan (Kurniawati et al., 2025) This indicates that the Capital Intensity Ratio has a positive effect on the company's financial performance. Based on this description, the following hypothesis is proposed:
H1: Capital Intensity Ratio has a positive effect on the company's financial performance.

Asset Growth and Financial Performance

Asset growth reflects a company's ability to increase total assets over time as a form of business expansion and development (Rahman, 2020). From an agency theory perspective, asset growth is a strategic management decision aimed at increasing a company's capacity to generate future profits. Asset growth can take the form of adding fixed assets, new investments, or increasing current assets used to support operational activities. High asset growth indicates investment opportunities and positive company prospects. With increased productive assets, a company has greater ability to increase production capacity, expand market share, and improve operational efficiency. However, asset growth does not always result in improved financial performance. The addition of unproductive assets can actually increase operational costs and reduce company efficiency. Therefore, effective asset management is a critical factor in determining whether asset growth can improve a company's profitability.

According to Agency Theory, managers act as agents responsible for allocating company resources in ways that maximize shareholder wealth. Asset growth reflects managerial decisions regarding resource expansion and investment opportunities. When managers invest in productive assets, they increase the company’s operational capacity and future income-generating potential. Consequently, asset growth can reduce agency conflicts by signaling that management is pursuing long-term value creation rather than short-term personal interests. Therefore, higher asset growth is expected to improve financial performance.

Research Fauzi & Puspitasari (2021)serta Triana & Dewi (2022) This indicates that asset growth has a positive effect on a company's financial performance. Therefore, the following hypothesis can be formulated:
H2: Asset Growth has a positive effect on the company's financial performance.

Sales Growth and *Financial Performance*

Sales growth is an indicator that demonstrates a company's ability to increase sales volume from one period to the next (Kasmir, 2019). In agency theory, sales growth reflects management's success in implementing marketing, production, and distribution strategies to increase company revenue. Increased sales indicate that the company's products are well-received by the market, thus increasing the company's potential for profit.The higher the sales growth, the greater the company's likelihood of generating revenue that can be used to cover operating costs and generate profits. However, increased sales do not always translate into increased profits. Increases in production, distribution, and marketing costs can reduce the benefits of sales growth. Therefore, the relationship between sales growth and financial performance depends on management's ability to control costs and maintain the company's operational efficiency (Ramadina & Setiawati, 2025). Agency Theory also explains that managers are evaluated based on their ability to generate sustainable revenues and profits for shareholders. Sales growth reflects management's effectiveness in implementing marketing, production, and distribution strategies. Consistent sales growth signals successful managerial performance and efficient resource utilization. As a result, increased sales growth should strengthen profitability and improve financial performance, thereby aligning managerial actions with shareholder interests.

Research (Rifka Alkhilyatul Ma'rifat, I Made Suraharta, 2024) serta (Rachmah & Susilawati, 2024) This indicates that sales growth has a positive effect on a company's financial performance. Based on this description, the following hypothesis is proposed:
H3: Sales growth has a positive effect on the company's financial performance.

Capital Intensity Ratio, Asset Growth, Sales Growth and Financial Performance

Agency theory suggests that financial performance is the cumulative outcome of managerial decisions regarding resource allocation, business expansion, and revenue generation. Capital intensity ratio represents investment decisions in fixed assets, asset growth reflects expansion decisions, and sales growth represents management's ability to generate revenues. These three dimensions are interrelated because productive asset investments support business expansion, while expanded assets facilitate sales growth and profitability. Therefore, their combined effect provides a more comprehensive explanation of financial performance than examining each factor individually.based on this description, the following hypothesis is proposed:
H4: Capital Intensity Ratio, Asset Growth, and Sales Growth simultaneously have a positive effect on the company's financial performance.

Research Method

Population, Sample and Data

This study employs a quantitative research design using secondary data obtained from the annual financial statements of food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2024. Quantitative research is a research method that uses numerical data and statistical analysis to examine relationships among variables and test research hypotheses (Sugiyono, 2019). The use of secondary financial statement data enables researchers to obtain objective and reliable information regarding company performance and financial conditions.
The research data is a combination of cross-sectional and time series data. However, this study used multiple linear regression analysis because the primary objective was to examine the influence of Capital Intensity Ratio, Asset Growth, and Sales Growth on company financial performance. Furthermore, the observation period of only three years was deemed insufficient to obtain optimal benefits from the panel data approach. Therefore, the use of multiple linear regression was deemed more appropriate given the research objectives and the characteristics of the available data.

The sample was selected using a purposive sampling technique based on certain criteria, including excluding companies that experienced losses during the study period. This criterion was applied because Return on Assets (ROA) is used as a proxy for financial performance, so companies that experience persistent losses have different characteristics than companies that generate profits. However, the researchers acknowledge that excluding loss-making companies may limit the generalizability of the research results, as the findings are more representative of companies that were able to maintain profitability throughout the observation period.

Another limitation of this study is the absence of control variables such as firm size, leverage, liquidity, and corporate governance mechanisms. The exclusion of these variables may limit the ability of the model to fully capture factors affecting financial performance. Furthermore, this study did not conduct robustness tests using alternative estimation techniques or alternative financial performance proxies. Consequently, the findings should be interpreted with caution, and future studies are encouraged to perform robustness analyses to verify the consistency of the results.

Operational Definition and Measurement of Variabel

Operational variables are a description of the definitions contained in research. Research variables are essentially anything that researchers determine to be studied and then draw conclusions from (Sugiyono, 2019).

Table 1. Operational Definition and Measurement of Variable

No	Variables	Operational Definition	Measurementof Variables
1	Capital Intensity Ratio	Capital Intensity Ratio is a ratio that shows the size of a company's investment in fixed assets in generating company sales. (Erika et al., 2024)	$CIR = \frac{\text{Total fixed assets}}{\text{Sales}}$
2	Asset Growth	Asset Growth is the rate of change in a company's total assets from one period to the next, reflecting the company's ability to increase its size, expand its business, and maximize its operational value. (Pattiselanno & Widiyati, 2023)	$AG = \frac{\text{Total assets}_{t} - \text{Total assets}_{t-1}}{\text{Total assets}_{t-1}} \times 100\%$
3	Sales Growth	Sales growth is an increase in the number of units sold or a company's revenue in a specific time period compared to the previous period. (Afifah & Priantilianingtiasari, 2024)	$SG = \frac{\text{Sales}_{t} - \text{sales}_{t-1}}{\text{Sales}_{t-1}} \times 100\%$
4	Company Financial Performance	Financial Performance is a quantitative measure that describes a company's financial condition. (Ani, 2025)	$ROA = \frac{\text{Net Profit}}{\text{Total assets}} \times 100\%$

Model and data Analysis Technique

This study uses multiple linear regression analysis to examine the effect of Capital Intensity Ratio (CIR), Asset Growth (AG), and Sales Growth (SG) on Financial Performance (ROA). The data were analyzed using SPSS through descriptive statistics, classical assumption tests, coefficient of determination (R^2), t-test, and F-test (Firdaus et al., 2023; Mardiatmoko, 2020).

$Y = a + \beta 1X1 + \beta\ 2X2 + \beta 3X3 + e$

a = Constant

β = Regression Coefficient

Y = Company Financial Performance

X1 = Capital Intensity Ratio

X2 = Asset Growth

X3 = Sales Growth

E = error

Result and Discussion

Results of Descriptive Statistics

Descriptive statistics are used to analyze data by explaining or depicting the data obtained based on actual conditions without drawing general conclusions or making generalizations. The collected data is then presented in tabular form and discussed descriptively (Sugiyono, 2019).
The table below shows the results of the descriptive statistical analysis of the variables CIR, AG, SG, and Financial Performance.

Table 2. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Capital Intensity Ratio	42	0	3	1.07	.515
Asset Growth	42	0	3	.08	.124
Sales Growth	42	-1	1	.09	.172
Kinerja Keuangan	42	1	33	11.85	6.818
Valid N (listwise)	42				

Source: SPSS processed data, 2026

From the table above, it is known that the number of sample data used in this study is 42 sample data, so N = 42. In addition, based on the calculation results during the research period, it is known. The company's financial performance is measured by the lowest ROA of 1 and the highest ROA of 33. It can also be seen that the average ROA is 11.85 with a standard deviation of 6,818.

Because the average value is greater than the standard deviation value, this indicates that the data tends to have a small spread around the average, meaning this condition reflects data with low variation.

The lowest capital intensity ratio is 0 and the highest is 3. It can also be seen that the average capital intensity ratio is 1.07 with a standard deviation of 0.515. Therefore, the average value is greater than the standard deviation value, indicating that the data tends to have a small spread around the average, meaning this condition reflects data with low variation.

The lowest Asset Growth value is 0, and the highest value is 3. Furthermore, the average Asset Growth value is 0.08, with a standard deviation of 0.124. Since the average value is smaller than the standard deviation, this indicates that the data has a fairly large spread around the average value, thus indicating high data variation.

The lowest sales growth was -1 and the highest sales growth was 1. The average sales growth was also 0.09 with a standard deviation of 0.172. Therefore, the average value is lower than the standard deviation value, indicating that the data tends to have a large spread around the average, meaning this condition reflects data with high variation.

Regression Model Diagnostic Tests

Prior to hypothesis testing, a series of classical assumption tests were performed to evaluate the suitability of the regression model. The normality test indicates that the residuals are normally distributed, as the significance value of the Kolmogorov–Smirnov test exceeds the 0.05 threshold. The heteroscedasticity test, based on the scatterplot analysis, shows that the residuals are randomly dispersed around the zero line without forming any discernible pattern, indicating homoscedasticity. Furthermore, the multicollinearity test confirms that no serious multicollinearity exists among the independent variables, as all tolerance values are above 0.10 and the corresponding Variance Inflation Factor (VIF) values remain well below the critical threshold of 10. Finally, the Durbin–Watson statistic is close to 2, suggesting that the regression residuals are free from autocorrelation. Overall, these diagnostic results demonstrate that the regression model satisfies the assumptions of normality, homoscedasticity, absence of multicollinearity, and independence of errors, indicating that the model is statistically appropriate and reliable for hypothesis testing.

Regression Results and Hypothesis Testing

The empirical model was estimated using multiple linear regression to examine the effects of Capital Intensity Ratio, Asset Growth, and Sales Growth on Financial Performance (ROA). Table 3 presents the regression coefficients and significance levels of each independent variable.

Tabel 3. Regression Results and Hypothesis Testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.161	3.459		3.516	.001
	capital intensity ratio	.320	.602	.324	1.123	.090
	asset growth	.440	.180	.299	2.593	.001
	sales growth	.378	.991	.128	3.635	.001

Source: SPSS processed data, 2026

The regression results indicate that Capital Intensity Ratio has a positive but statistically insignificant effect on Financial Performance (β = 0.320; t = 1.123; p = 0.090). Although the coefficient is positive, the significance value exceeds the 0.05 threshold, indicating that Capital Intensity Ratio does not significantly influence Financial Performance. Therefore, **H1 is not supported.**

Asset Growth shows a positive and statistically significant effect on Financial Performance (β = 0.440; t = 2.593; p = 0.001). The positive coefficient suggests that firms experiencing higher asset growth tend to achieve better financial performance. **This finding supports H2 and indicates that the expansion of company assets contributes positively to profitability.**

Similarly, Sales Growth has a positive and statistically significant effect on Financial Performance (β = 0.378; t = 3.635; p = 0.001). The result implies that an increase in sales is associated with higher profitability, reflecting the company's ability to generate greater earnings from its operational activities. Therefore, **H3 is supported.**

The F-test was conducted to examine the simultaneous effect of Capital Intensity Ratio, Asset Growth, and Sales Growth on Financial Performance (ROA).

Table 4. the regression model significance test.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.457	3	14.486	12.296	.001[b]
	Residual	1862.543	38	49.014		
	Total	1906.000	41			

Source: SPSS processed data, 2026

he results show that the regression model is statistically significant, with an F-value of 12.296 and a significance value of 0.001. Since the significance value is lower than 0.05, the null hypothesis is rejected. This indicates that Capital Intensity Ratio, Asset Growth, and Sales Growth simultaneously affect Financial Performance.**These findings support H4.**

Discussion

The influence of capital intensity ratio on company financial performance

The research results show that the Capital Intensity Ratio does not have a significant effect on the financial performance of companies in the food and beverage subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. This finding indicates that the amount of company investment in fixed assets has not been able to directly increase company profitability. In the perspective of agency theory, management as an agent is expected to be able to manage company assets effectively to create value for shareholders. However, a high proportion of fixed assets does not always result in increased profits if these assets have not been optimally utilized to support the company's operational activities.

The results of this study are in line with the research of Kurniawan and Rahmanto (2022) and Oktavia and Ardini (2023) who found that the Capital Intensity Ratio had no effect on the company's financial performance. In the Food and Beverage Subsector, a Company's Financial Performance is Not Only Determined by the Amount of Investment in Fixed Assets, But Also Influenced by Other Factors Such as Production Efficiency, Raw Material Cost Control, Marketing Strategy, and the Company's Ability to Adapt to Changes in Consumer Demand. In addition, High Depreciation and Maintenance Costs of Fixed Assets Can Reduce the Asset Contribution to Profit Increase. This Finding Implications That the Effectiveness of Fixed Asset Utilization is More Important Than the Amount of Fixed Asset Investment Itself in Improving the Financial Performance of Food and Beverage Companies. This finding suggests that the mere ownership of fixed assets is insufficient to improve profitability. Agency Theory emphasizes that shareholders evaluate managerial performance based on the effectiveness rather than the quantity of resource utilization. Therefore, inefficient utilization of fixed assets may weaken the expected positive relationship between capital intensity and financial performance.

The Influence Of Asset Growth On The Company's Financial Performance

Research results show that asset growth has a positive and significant impact on the financial performance of companies in the food and beverage subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. This finding indicates that increasing company assets can support an increase in the company's ability to generate profits. From an agency theory perspective, asset growth reflects management's decisions as agents in developing company resources to create added value for shareholders as principals. The more effectively the added assets are utilized in operational activities, the greater the company's opportunity to increase its profitability.

This research finding aligns with research by Fauzi and Puspitasari (2021) and Triana and Dewi (2022), which found that asset growth has a positive impact on financial performance. In the Food and Beverage subsector, asset growth is generally used to increase production capacity, expand distribution networks, and support business development. The industry's relatively stable demand makes it easier to convert additional assets into increased revenue and profits. Therefore, the results of this study reinforce the view that effectively managed asset growth can be a critical factor in improving a company's financial performance. The finding supports Agency Theory by indicating that managers who successfully expand productive assets are able to create future economic benefits and improve firm profitability. This result demonstrates that asset expansion serves as a mechanism for value creation when supported by efficient resource management.

The Influence Of Sales Growth On The Company's Financial Performance

Research results indicate that sales growth has a positive and significant impact on the financial performance of companies in the food and beverage subsector listed on the Indonesia Stock

Exchange for the 2022–2024 period. This finding indicates that increased sales can drive increased company profits, as reflected in Return on Assets (ROA). From an agency theory perspective, sales growth reflects management's success in implementing effective operational and marketing strategies, thereby increasing company revenue and meeting shareholder expectations.

These research findings are consistent with research by Afifah & Ruly (2024) and Rachmah and Susilawati (2024), which found that sales growth has a positive impact on financial performance.In the food and beverage industry, sales growth plays a crucial role because this sector is heavily influenced by consumer consumption levels. Increased demand for food and beverage products provides opportunities for companies to increase revenue and strengthen profitability. This finding implies that a company's ability to maintain sustainable sales growth is a factor supporting improved financial performance. The positive effect of sales growth indicates that revenue expansion remains one of the most direct channels through which managerial decisions influence profitability. This finding reinforces the Agency Theory argument that managers create shareholder value by increasing the firm’s ability to generate sustainable revenues.

The Influence Of Capital Intensity Ratio, Asset Growth And Sales Growth On The Company's Financial Performance

Simultaneous test results indicate that the Capital Intensity Ratio, Asset Growth, and Sales Growth collectively have a significant impact on the financial performance of companies in the food and beverage subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. This finding indicates that company financial performance is not influenced by a single factor, but rather is the result of a combination of management decisions in managing fixed assets, developing company assets, and increasing sales. From an agency theory perspective, these results reflect that the success of management as an agent in managing company resources as a whole can positively impact the achievement of shareholder goals as principals.

These research findings support various previous studies that suggest that internal company factors play a significant role in determining financial performance. Although the Capital Intensity Ratio does not demonstrate a significant effect, its presence, along with Asset Growth and Sales Growth, still contributes to the overall research model. This indicates that the relationship between these variables is complementary in explaining variations in company financial performance.

In the Food and Beverage Subsector, a Company's Ability to Maintain Financial Performance Requires a Balance Between Asset Investment, Business Capacity Growth, and Sales Increase. Companies Capable of Developing Assets Productively and Increasing Sales Sustainably Tend to Have a Better Ability to Generate Profits. Therefore, the Results of This Study Provide Implications That Improving the Financial Performance of Food and Beverage Companies Does Not Depend Only on One Managerial Aspect, But Requires Integrated Management of All Resources and Operational Activities of the Company.

Conclusion

This study aims to analyze the influence of the Capital Intensity Ratio, Asset Growth, and Sales Growth on the financial performance of companies in the food and beverage subsector listed on the Indonesia Stock Exchange for the 2022–2024 period. The results indicate that the Capital Intensity Ratio has no significant effect on financial performance, while Asset Growth and Sales Growth have a positive and significant effect. Furthermore, the Capital Intensity Ratio, Asset Growth, and Sales Growth simultaneously have a significant effect on company financial performance. These findings indicate that asset growth and sales growth are more dominant factors in improving financial performance than the size of a company's investment in fixed assets.

Theoretically, this study contributes to the development of Agency Theory by demonstrating that management's success in improving financial performance is determined not only by the size of a company's resources but also by its ability to effectively manage and utilize those resources. The results indicate that investment in fixed assets does not always result in increased profitability if not balanced with optimal utilization. Conversely, asset growth and increased sales have been shown to better reflect the effectiveness of managerial decisions in creating shareholder value.

Practically, the results of this study can be used by food and beverage company management in formulating strategies to improve financial performance. Companies need not only focus on increasing fixed asset investment but also ensure that existing assets can be used productively to support business growth. Furthermore, efforts to increase sales through product innovation, strengthening distribution networks, and enhancing competitiveness are important factors that can drive sustainable company profitability.

This study has several limitations. First, the observation period only covered three years, resulting in a relatively limited number of observations. Second, the study focused only on companies in the food and beverage subsector that generated profits during the study period, so the results cannot necessarily be generalized to all companies. Third, the study did not conduct robustness tests or use control variables that might influence company financial performance.

Based on these limitations, future research is recommended to extend the observation period, expand the scope of industry sectors, and consider the use of panel data methods to capture company characteristics more comprehensively. Future research could also include other variables and corporate governance as factors that potentially influence financial performance.

Conflicts Of Interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.

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