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THE EFFECT OF COST STRUCTURE, OPERATIONAL EFFICIENCY AND PRICING ON PROFITABILITY OF PRODUCTS AND SERVICES AT PT. UNILEVER PERIOD 2016-2023

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Abstract

This study aims to determine the effect of cost structure, operational efficiency and pricing on product and service profitability. This study was conducted at PT. Unilever listed on the Indonesia Stock Exchange for the 2016-2023 period. This study is a quantitative research type. The research method used is secondary data analysis, with the main source being the annual financial report of PT Unilever Indonesia Tbk. The population in this study was all annual financial reports of PT Unilever Indonesia Tbk, the sample taken using purposive sampling technique, namely selecting data for eight years (2016–2023). The analysis used in this study is the analysis instrument test, classical assumption test, multiple linear regression analysis, and hypothesis testing using IBM SPSS Statistics Version 26. The results of the study indicate that the cost structure shows that it partially has a positive and significant effect on product and service profitability. Operational Efficiency shows that it partially has no effect on product and service profitability. Pricing shows that it partially has a positive and significant effect on product and service profitability. Cost structure, operational cost efficiency, pricing show that they simultaneously have a positive and significant effect on product and service profitability. Further research is suggested to explore the role of moderating variables such as product innovation and service quality in strengthening the relationship between cost structure, operational efficiency, and pricing on profitability, as well as expanding the research object to other industrial sectors.

Keywords: Cost Structure, Operational Efficiency, Pricing and Product and Service Profitability

INTRODUCTION

The rapid development of competition today requires a company to be established to have a goal so that the company can operate in the long term. In the current era of globalization, the role of business entities aims to support national

scale development while improving people's standard of living. Establishing a company in order to develop certainly has to go through a process and struggle that is not easy and must be supported by careful planning when dealing with existing problems Anggita & Banjarnahor, (2021). One of the leading companies in Indonesia is PT. Unilever Indonesia is a multinational company engaged in the production of consumer goods such as food, beverages and body care products. As a large and influential company, the financial performance of PT. Unilever Indonesia is of concern to many parties, such as investors, government and the public. According to Horngren, C. T., Sundem, G. L., & Stratton, (2015) cost structure is the classification and proportion of various types of costs in company operations which are used to assist management in planning and control. Considerations for decision making related to the cost structure set by the company PT. Unilever is certainly a decision-making that must be done carefully and considering many things. Because the determination of the cost structure that is decided will certainly have more or less of an impact on the sustainability of the company Widodo et al., (2020). The following is the company's supporting data for the last 8 (eight) years, namely from 2016 to 2023, as follows:

Table 1. Cost Structure

Year	Total Cost	Variabel	Total Fixed Cost	Total Cost
2016	20.870		4.530	25.400
2017	21.650		4.750	26.400
2018	23.280		5.120	28.400
2019	24.600		5.300	29.900
2020	23.120		5.880	29.000
2021	24.880		6.020	30.900
2022	25.430		6.370	31.800
2023	26.900		6.500	33.400

Source: www.idx.co.id (data processed 2025)

The table above shows that the total costs incurred by PT. Unilever from 2016 to 2023 have increased. The highest cost in 2023 with a total cost of 33,400 and the lowest cost in 2016 with a total cost of 25,400. Given these conditions, it is necessary to increase efficiency by increasing production while reducing production costs, namely by calculating production cost efficiency, namely by analyzing the production cost structure (Puspitasari & Rahman, 2024).

According to Slack, N., Chambers, S., & Johnston, (2010) operational efficiency is the level at which an organization minimizes the use of resources to produce output effectively. As a company operating in various countries, PT

Unilever has developed an effective operational management strategy to increase efficiency and productivity. By using sophisticated technology and an integrated information system, PT Unilever can monitor and manage the production process, distribution and marketing of its products. This allows the company to improve product quality, reduce operational costs, and increase customer satisfaction Noval & Aisyah, (2021). PT. Unilever must also be able to understand consumer needs and preferences better, so that it can develop more relevant and effective products Shafira, (2021). The following is supporting data on the Operational Costs of PT. Unilever for the last 8 (eight) years, namely from 2016 to 2023, as follows:

Table 2. Operational Cost Efficiency

Year	Operational Cost	Revenue	Operational Cost Efficiency
2016	12.041.437	40.053.732	30%
2017	13.733.025	41.204.510	33%
2018	11.944.837	41.802.073	28,5%
2019	15.367.509	42.922.563	35,8%
2020	15.597.264	42.972.474	36,2%
2021	14.747.263	39.545.959	37,2%
2022	14.320.858	41.218.881	34,7%
2023	13.282.848	38.611.401	34,4%

Source: www.idx.co.id (data processed 2025)

It can be seen from the table above that the operational cost efficiency at PT. Unilever for the last 8 years with the highest number in 2021 with an operational cost efficiency of 0.372914537 and the lowest in 2018 with an operational cost efficiency of 0.28574748. It can be seen the importance of ensuring that operational costs are controlled and optimal to achieve company goals.

According to Kotler, P., & Keller, (2016) pricing is the process of determining the value of a product or service, which involves cost factors, perceived value by consumers, and competitor prices. Setting the right price is very important to generate good profits for the company's progress Kristianti et al., (2024). Pricing greatly influences many aspects, especially the economic aspect in the form of the inflation rate from each year Kristianti et al., (2024). The following is pricing data at PT. Unilever for the last 8 years:

Table 3. Pricing

Year	COGS (M)	Sales (M)	Gross Profit (M)	Markup (%)	Estimated Selling Price (COGS + Markup)
2016	19,304	40,054	20,75	107,48 %	40,052
2017	19,998	41,205	21,207	106,08 %	41,212
2018	20,764	41,802	21,038	101,32 %	41,802
2019	20,634	42,923	22,289	108,01 %	42,921
2020	20,831	42,972	22,141	106,26 %	42,966
2021	19,558	39,546	19,988	102,19 %	39,544
2022	21,215	41,219	20,004	94,30%	41,221
2023	19,702	38,612	18,91	95,96%	38,608

Source: www.idx.co.id (data processed 2025)

The table above shows the process of determining the value of the price determination at PT. Unilever, the highest in 2019 with an estimated selling price of 42,921 and the lowest in 2023 with an estimated selling price of 38,608. This pricing is very important to influence purchasing decisions, income and profits of PT. Unilever.

According to Brigham, E. F., & Houston, (2016) profitability refers to the company's ability to generate net profit from the income generated after deducting all costs. A company can be said to be successful if it is able to increase profits. PT. Unilever strives to obtain maximum profit so that the company's survival can be guaranteed so that it can always strive for further development. The following is the profitability data obtained at PT. Unilever over the past 8 years:

Table 4. Profitability

Year	ROE
2016	117,9%
2017	136,8%
2018	171,6%
2019	159,4%
2020	166,40%
2021	132,50%

2022	122,60%
2023	105,70%

Source: www.idx.co.id (data processed 2025)

The table above shows that the amount of profit obtained by PT. Unilever with the highest amount in 2018 with a percentage of 171.6% and the lowest amount in 2023 with a percentage of 105.70%. Determination of Cost Structure, Operational Efficiency and Pricing certainly have an impact on the level of sales and the level of profit which ultimately has an impact on the company's profitability.

The gap in this research is a study conducted by Sultan Sahrir, (2022) which states that the cost structure has a significant effect on profitability. Research conducted by Anggita & Banjarnahor, (2021) states that operational efficiency has a negative and insignificant effect on profitability. Meanwhile, research conducted by Shafira, (2021) the results of the study showed that operational efficiency had a positive and significant effect on profitability. Research conducted by Kristianti et al., (2024) stated that the results of the study did not show any impact of pricing on profitability. Meanwhile, in a study conducted by Sukarno et al., (2021), the results of the study stated that pricing affects profitability and has a very close relationship.

The reason for choosing this title is because it considers the urgency and relevance of the topic to the dynamics of the business world, especially in the fast moving consumer goods (FMCG) industry sector. PT Unilever Indonesia Tbk is one of the main industry players that not only has a strategic position in the domestic market, but also represents how large companies manage efficiency, cost structure, and pricing strategy in facing fluctuating economic challenges.

This study also has significant novelty. First, most previous studies only partially examine cost structure, operational efficiency, or pricing strategy on the company's financial performance. This study tries to combine these three variables into one complete analysis model to determine their simultaneous effect on profitability. This approach provides more comprehensive insight for management in making strategic decisions. Second, this study also highlights the differences in influence on products and services, which are still rarely the focus of similar studies in the FMCG field. Amidst digital transformation and business model diversification, additional services such as customer service, distribution, or digital engagement are starting to play an important role in creating added value. By differentiating analysis between products and services, this study attempts to capture new dynamics in today's corporate strategy. The purpose of this study is to determine and analyze the effect of cost structure, operational

efficiency and pricing on product and service profitability. Based on the description presented above, a study can be conducted on the Effect of Cost Structure, Operational Efficiency and Pricing on Product and Service Profitability at PT. Unilever Period 2016-2023.

METHOD

This research is included in the type of causal quantitative research. The research method used is secondary data analysis, with the main source being the annual financial report of PT Unilever Indonesia Tbk obtained from the official website of the Indonesia Stock Exchange (IDX) and the company's official website. This study uses financial report data for the period 2016 to 2025. The population in this study is all annual financial reports of PT Unilever Indonesia Tbk, the sample taken using the purposive sampling technique, namely selecting data for eight years (2016–2023). The analysis used in this study is the analysis instrument test, classical assumption test, multiple linear regression analysis, and hypothesis testing using IBM SPSS Statistics Version 26.

Cost Structure Analysis

The cost structure analysis in this study aims to understand the composition of fixed costs and variable costs incurred by the company in supporting its operational activities. According to Rahim and Astuti (2019), total cost (TC) or total cost is the total cost incurred by the company in carrying out its operational activities, which consists of fixed costs and variable costs. The cost structure in this study is explained using a formula involving total costs. Total costs can be calculated using the formula:

$$TC = FC + VC$$

Where TC (Total Cost) is the total cost, FC (Fixed Cost) is the fixed cost, VC (Variable Cost) is the variable cost.

Operational Efficiency

According to Hakim and Rafsanjani (2018), operational efficiency reflects the effectiveness of a company in managing its daily business activities. In the context of this study, operational efficiency is measured by the ratio of operating costs to operating income or known as BOPO (Operating Costs to Operating Income). Formula:

$$BOPO = (\text{Operating Expenses}) / (\text{Operating Income}) \times 100\%$$

Pricing

Pricing is an important element in a company's marketing strategy, which not only functions to cover production costs, but also to generate profits and create value for consumers. Tjiptono (2008) states that the right price is a key factor in success in marketing goods or services, because price is an indicator of the value perceived by consumers for the benefits obtained. In this study, pricing

is measured using gross profit margin as an indicator that reflects the company's effectiveness in determining the selling price of products or services compared to its production costs. Pricing is calculated using:

Formula: COGS + (margin markup → can be from Gross Profit or Operating Profit ratio)

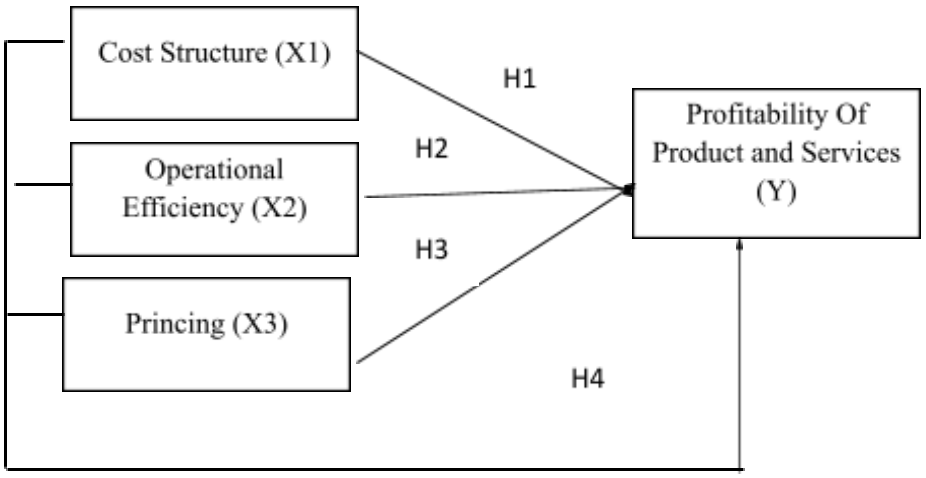
Profitability

In this study, it is measured using Return on Equity (ROE), which is a financial ratio used to measure a company's ability to generate profits from capital invested by shareholders. According to Agus Sartono (2012), ROE is an indicator that shows how much return on equity a company has. ROE is an important measure for investors and management in assessing the efficiency of using their own capital in generating profits. The formula used to calculate ROE is:

ROE = (Net Profit) / (Shareholders' Equity) x 100%

ROE is chosen as the only indicator of profitability because it focuses more on measuring the return on owner's capital, which is relevant in assessing a company's financial performance from a shareholder perspective.

RESEARCH FRAMEWORK



Research Framework Image

RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	8

Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	12.36074309
Most Extreme Differences	Absolute	.196
	Positive	.196
	Negative	-.151
Test Statistic		.196
Asymp. Sig. (2-tailed)		.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: Secondary data processed by SPSS, 2025

Based on the table, it can be seen that the normality test for the data above shows that the multiple regression model created has followed a normal distribution. This can be seen from the Asym sig (2 Tailed) value of 0.200> 0.05, thus it can be concluded that the data used in this study is normally distributed.

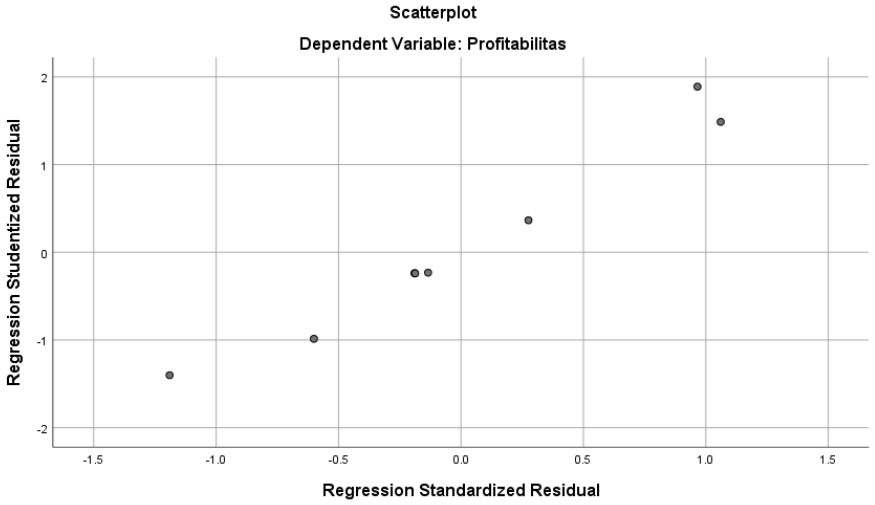
Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Cost Structure	.589	1.696
Operating Cost Efficiency	.645	1.551
Pricing	.847	1.181

Source: Secondary data processed by SPSS, 2025

Based on the table above, it can be observed that no independent variables have a tolerance value of less than 0.10, indicating the absence of correlation between independent variables. The results of the Variance Inflation Factor (VIF) calculation also reflect similar findings, where none of the independent variables have a VIF value of more than 10. Therefore, it can be concluded that there is no multicollinearity between independent variables in this regression model.

Heteroscedasticity Test



Source: Secondary data processed by SPSS, 2025

Based on the results of the heteroscedasticity test in the image above, it can be observed that the scatterplot shows a random and even distribution of points around the number 0 on the Y axis. This implies that there is no indication of heteroscedasticity in the regression model.

Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-98.130	203.616		-1.955	.122
	Cost Structure	.122	2.999	.780	3.241	.002
	Operating Cost Efficiency	-133.209	252.065	-.168	-.528	.625
	Pricing	.014	.004	.881	3.173	.034

a. Dependent Variable: Profitability

Source: Secondary data processed by SPSS, 2025

From table above, the regression equation will be obtained as follows:
ROE = -98.130 + 0.122 TC -133.209 BOPO + 0.014 PH
The equation above can be explained as follows:

1. The multiple linear regression equation shows a constant value (α) of -98.130 and has a negative value. This value means that the independent

variables, namely cost structure, operational cost efficiency, and pricing, are equal to 0, then the profitability variable is -98.130.

2. The β1 value of 0.122 means that if there is an increase in the cost structure of 1 unit, there will be an increase in the cost structure of 0.122 assuming other variables remain constant.
3. The β2 value of -133.209 means that if there is an increase in Operational Efficiency of 1 unit, there will be a decrease in Operational Efficiency of -133.209 assuming that other variables remain constant.
4. The β3 value of 0.014 means that if there is an increase in price determination of 1 unit, there will be an increase in price determination of 0.014 assuming that other variables remain constant.

Uji Parsial (Uji t)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-98.130	203.616		-1.955	.122
	Cost Structure	.122	2.999	.780	3.241	.002
	Operating Cost Efficiency	-133.209	252.065	-.168	-.528	.625
	Pricing	.014	.004	.881	3.173	.034
a. Dependent Variable: Profitability						

Source: Secondary data processed by SPSS, 2025

Analysis:

a. First Hypothesis Testing (H1) (X1)
   It is known that the Sig. value for the influence of X1 on Y is 0.002 < 0.05 and the t-count value is 3.241 > t table 2.132. So it can be concluded that there is a positive and significant influence of variable (X1) on (Y).
b. First Hypothesis Testing (H2) (X2)
   It is known that the Sig. value for the influence of X2 on Y is 0.625 > 0.05 and the t-count value is -0.528 > t table 2.132. So it can be concluded that there is no influence of variable (X2) on (Y).

c. First Hypothesis Testing (H3) (X3)
It is known that the Sig. value for the influence of X3 on Y is 0.034 < 0.05 and the t-count value is 3.173 > t table 2.132. So it can be concluded that there is a positive and significant influence of variable (X1) on (Y).

Uji Simultan (Uji F)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3030.213	3	1010.071	43.778	.006[b]
	Residual	1069.516	4	267.379		
	Total	4099.729	7			
a. Dependent Variable: Profitability						
b. Predictors: (Constant), Cost Structure, Operating Cost Efficiency, Pricing						

Source: Secondary data processed by SPSS, 2025

Based on the table above, the F test results show a significance value of 0.006, which is smaller than 0.05. Therefore, it can be concluded that independent variables such as cost structure, operational cost efficiency, and pricing have a positive and significant influence simultaneously on product and service profitability. The regression equation model shows a good fit, with an F test value of 43.778, and by using the F table with the number of independent variables as many as 3 and the number of data (N) as many as 8, the F table value is 4.07. Because the calculated F value is greater than the F table, it can be concluded that cost structure, operational cost efficiency, and pricing have a positive and significant influence simultaneously on product and service profitability.

Analysis Koefisien Determinasi (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860[a]	.739	.543	16.352
a. Predictors: (Constant), (Constant), Cost Structure, Operating Cost Efficiency, Pricing, Profitability				

Source: Secondary data processed by SPSS, 2025

Based on the table, it can be seen that the Adjusted R Square (Adjusted R2) value is 0.543 or 54.3%. This figure indicates that the variability of the profitability variable can be explained as much as 54.3% by the cost structure variable, operational cost efficiency, and pricing. The remaining 55.7% is explained by other factors not included in this study.

DISCUSSION OF RESEARCH FINDINGS

A. Effect of Cost Structure Variables on Product and Service Profitability
Cost Structure Variables have a positive and significant effect on Cost Structure Variables have a significant effect on Product and Service Profitability, as shown by the results of the regression analysis. In this study, the regression coefficient for Cost Structure is 0.122 with a significance value of 0.002, which means that a one-unit increase in the cost structure will increase profitability by 0.122 units. This significance value is much smaller than the alpha limit of 0.05, indicating that good cost management structures contribute positively to increasing product and service profitability. Therefore, companies need to optimize their cost structures to strengthen overall performance.

B. Effect of Operational Efficiency Variables on Product and Service Profitability
Operational Efficiency Variables do not have a significant effect on Product and Service Profitability, as seen from the results of the regression analysis. The regression coefficient for Operational Efficiency is -133.209 with a significance value of 0.625, which is far above the alpha limit of 0.05. This shows that changes in Operational Efficiency do not have a significant impact on profitability in the context of this study. However, although operational efficiency remains important for internal management, in terms of efficiency it has not directly affected the level of profitability.

C. The Effect of Pricing Variables on Product and Service Profitability
Pricing variables have a significant effect on Product and Service Profitability, as evidenced by regression analysis. The regression coefficient for Pricing is 0.014 with a significance value of 0.034, which is smaller than the alpha limit of 0.05. This means that every increase in effective pricing policy will increase profitability by 0.014 units. This result is the importance of the right pricing strategy, where competitive prices and product value can increase the company's competitiveness and profitability in the market.

D. The Influence of Cost Structure Variables, Operational Cost Efficiency, and Pricing on Product and Service Profitability
The F value of 43.778 with a significance value (Sig.) of 0.006 indicates that the regression model used in this study is significant at a 95% confidence level ($\alpha = 0.05$). Because the Sig. value <0.05, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. From the results of the ANOVA analysis, it can be concluded that the three independent variables simultaneously contribute to increasing product and service profitability. To obtain sustainable profits, companies need to pay

attention to efficient cost structures, manage operations cost-effectively, and implement targeted pricing strategies.

CONCLUSION

Based on the results of the research that has been conducted, the following conclusions can be drawn:

1. The cost structure shows that it partially has a positive and significant effect on the profitability of products and services. This is evidenced by a significant value of 0.002 <0.05 and a calculated t greater than the t table 3.241> 2.132.
2. Operational efficiency shows that it partially has no effect on the profitability of products and services. This is evidenced by a significant value of 0.625> 0.05 and a calculated t smaller than the t table -0.528 <2.132.
3. Pricing shows that it partially has a positive and significant effect on the profitability of products and services. This is evidenced by a significant value of 0.034 <0.05 and a calculated t greater than the t table 3.173> 2.132.
4. Cost structure, operational efficiency, pricing show that they simultaneously have a positive and significant effect on the profitability of products and services. This is proven by the significant value of 0.006 < 0.05 and the calculated F is greater than the F table 43.778 > 4.07.

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