

## Factors Increasing Net Income in The Company; Systematic Literatur Review

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### Article Info

#### Article history:

Received June 21, 2025

Revised June 23, 2025

Accepted July 10, 2025

#### Keywords:

Factors Increasing Company

Net profit

Company

Systematic literature review

### ABSTRACT

This study aims to identify factors that influence net profit growth in companies through a Systematic Literature Review (SLR) approach. Increased net profit is one of the main objectives of companies that influences investment decisions and business sustainability. This study analyzed 34 relevant articles published between 2003 and 2024 to identify internal and external factors that influence a company's net profit. The results of the study indicate that internal factors such as company size and operational efficiency have a significant influence on the increase in net profit. External factors, such as macroeconomic conditions, market competition, and government policies, also have an important impact on company profitability. This study suggests that companies should not only focus on internal factors but also consider external factors in their strategies to increase net profit. The study also recommends that future research include more specific findings on the relationship between these factors and company profitability, as well as the use of empirical or quantitative methods to deepen the analysis.

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## 1. INTRODUCTION

Net profit is one of the main indicators that reflects a company's success and financial health. Increasing net profit is not only a key objective for management, but also an important concern for investors and stakeholders. As businesses become increasingly complex, the factors that influence a company's net profit are diverse and interrelated. Therefore, a deep understanding of the factors determining net profit is essential for companies to make strategic decisions that enhance their performance.

Previous studies have examined various factors influencing a company's profitability and net profit. [1] found that company size and sales growth significantly influence profitability. [2] highlighted the impact of revenue efficiency and costs on the operational profit of construction companies. Additionally, [3] developed a net profit prediction model using neural network and regression approaches, while [4] and [5] emphasized the importance of internal and external factors such as capital structure, operational efficiency, and macroeconomic conditions. However, these studies still have limitations, such as focusing on specific industrial sectors, using a single method without comprehensive studies, and lacking integration of previous research findings. This creates a significant gap in the literature regarding the comprehensive and systematic mapping of net profit factors.

Additionally, several other studies have also provided important insights into the factors influencing corporate net profit. [1] investigated the factors influencing profitability in the service sector in Jordan, emphasizing the importance of company size and operational efficiency in influencing corporate profitability. [2] also found that cost efficiency and good operational management have a significant impact on the operating profit of construction companies. [6] investigated the factors influencing the profitability of insurance companies in Ethiopia, highlighting the importance of macroeconomic conditions and government policies that impact the profitability of the insurance sector. [7] examined the factors influencing profitability in Malaysia, with an emphasis on internal company factors and the impact of fiscal policy on company financial performance.

This study aims to bridge this gap through a systematic literature review approach that collects and analyzes relevant studies from various sectors and methods. The uniqueness of this study lies in the integration of research results from various disciplines and different time periods, thereby providing a comprehensive overview and holistic understanding of the factors that consistently contribute to the increase in a company's net profit. Thus, this study not only strengthens the theoretical foundation but also provides guidance for future empirical research and financial management practices.

## 2. METHOD

This study uses the systematic literature review method as the main approach to identify, evaluate, and analyze relevant literature on factors that influence net profit growth in companies. The SLR method was chosen because it is able to provide a comprehensive summary of various previous studies in a systematic and transparent manner [8]. The research stages follow standard SLR procedures, namely: 1) Formulation of research questions, 2) Searches conducted in the Google Scholar database using keywords such as “factors affecting net profit” and “profitability determinants.” 3) Inclusion criteria included articles published from 2003 to 2024, relevant to the topic of corporate net profit, and published in indexed journals. A total of 34 articles meeting these criteria were selected for analysis. 4) Data regarding authors, year, methods, factors analyzed, and key findings were extracted from the selected articles. 5) Internal and external factors influencing corporate net profit were categorized, and findings were compared with previous studies to provide a comprehensive synthesis [9]. Data analysis was conducted by grouping internal and external factors contributing to net profit and comparing the methodological approaches used in previous studies to provide a comprehensive synthesis and recommendations for further research. The following diagram illustrates the research method used:

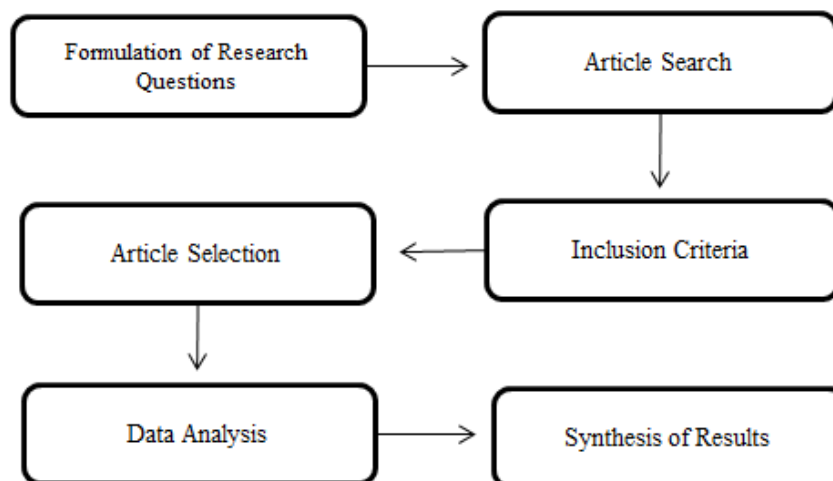


Figure 1. Research Method Diagram

## 3. RESULTS AND DISCUSSION

Based on a systematic literature review of relevant articles, the following factors influence a company's net profit:

### 3.1. Internal Factors

Based on the results of a systematic literature review, it was found that internal factors such as company size, capital structure, and operational efficiency have a significant influence on a company's net profit. This study found that large companies tend to have higher net profits than small companies. This is consistent with

the findings of [1], which show that large companies have easier access to cheap financing, enabling them to improve operational efficiency. Additionally, capital structure plays a crucial role in influencing net profit. Companies with low debt ratios are better able to manage risks and optimize their profits, while those with high debt levels often face challenges in improving profitability [2]. Operational efficiency was also found to be an important factor in increasing a company's net profit. Companies that can improve their operational efficiency, such as reducing costs and increasing productivity through advanced technology, have higher profitability [4].

Tabel 3.1 Internal Factors

Category Factors	Factors Found	Frequency of Research (%)	Related Researchers
Internal Factors	Company Size	40%	[1] dan [2]
	Capital Structure	35%	[2] dan [4]
	Operating Efficiency	25%	[10] dan [1]

### 3.2. External Factors

This study also found that macroeconomic factors, such as inflation and interest rates, have a significant impact on companies' net profits. High inflation can reduce consumer purchasing power, while high interest rates increase companies' borrowing costs. This puts pressure on companies' profits, as they have to incur additional costs to meet their financial obligations [6]. In addition, intense market competition also affects company profitability. In highly competitive markets, companies are often forced to lower prices or increase marketing costs to remain competitive, which can reduce their profit margins. Companies that successfully maintain competitive advantages through product differentiation and appropriate pricing strategies tend to be able to maintain or increase their profits despite competition [5]. Government policies, whether in the form of tax incentives or subsidies, were also found to have a significant impact on company profits. Supportive policies can reduce operational costs and encourage investment, while burdensome policies, such as high taxes or strict regulations, can reduce company profitability. Research by [3] confirms that supportive fiscal policies can increase company profits, while burdensome policies can actually reduce them

Tabel 3.2 External Factors

Category Factors	Factors Found	Frequency of Research (%)	Related Researchers
External Factors	Macroeconomic Conditions	60%	[6] dan [5]
	Competition	55%	[5] dan [3]
	Government Policy	50%	[6] dan [3]

Research shows that large companies tend to have higher net profits because they have easier access to cheaper financing and are better able to withstand external pressures such as poor macroeconomic conditions or unfavorable government policies. For example, large companies can adapt more quickly to changing fiscal policies, while small companies may find it difficult to cope with such fluctuations. On the other hand, while a better capital structure enhances a company's ability to manage risk and achieve optimal net profits, external factors such as high inflation and interest rates can mitigate the positive impact of a solid capital structure. For instance, in a high-inflation environment, borrowing costs rise, affecting a company's ability to optimize its capital structure.

## 4. DISCUSSION

The results of this Systematic Literature Review reveal that internal and external factors play a very important role in determining a company's net profit. Internal factors, such as company size, capital structure, and operational efficiency, have long been identified in the literature as major influences on company profitability. This study reinforces these findings, for example, that larger companies tend to have easier access to cheaper financing and can leverage economies of scale to enhance operational efficiency and profitability [1]. However, what is interesting in this study is the emphasis on external factors, such as macroeconomic conditions, market competition, and government policies, which turn out to have an equally important impact on a company's net profit.

For example, macroeconomic conditions, including inflation and interest rates, have been found to have a direct impact on company profitability. High inflation tends to reduce consumer purchasing power, leading to a decline in product demand and lower company profits. Additionally, high interest rates increase

companies' borrowing costs, which can reduce their ability to invest or expand their operations [6]. These findings suggest that companies must be more attuned to macroeconomic conditions, as these factors not only affect consumer purchasing power but also their operational costs. Intense market competition also plays a significant role. Companies that lack a strong competitive strategy or fail to innovate may face declining profit margins, which can negatively impact their net profits [5].

The practical implications of these findings are that company managers need to develop strategies that not only focus on internal factors but are also capable of adapting to changes in external conditions. For example, a strong product differentiation strategy can help companies survive in highly competitive markets and maintain profit margins despite price pressures. Additionally, supportive fiscal policies from the government, such as tax reductions or incentives for specific sectors, can provide opportunities to increase company profits. Therefore, companies need to monitor changes in government policies that may affect existing regulations or incentives.

However, this study also has limitations, particularly in terms of the methodology used. A Systematic Literature Review provides broad insights into the factors influencing a company's net profit but cannot directly measure the causal relationship between these factors. Therefore, further research using empirical data or more in-depth quantitative analysis would be highly beneficial for understanding the extent to which each of these factors influences company net profits in more specific contexts, such as particular industries or countries. Further research could also test the simultaneous interaction between internal and external factors and their impact on company profitability.

## 5. CONCLUSION

Based on the results of the Systematic Literature Review conducted, this study concludes that internal factors such as company size, capital structure, and operational efficiency have a significant influence on increasing a company's net profit. In addition, external factors such as macroeconomic conditions, market competition, and government policies also play an important role in influencing a company's profitability. This study fills a gap in the literature by providing broader insights into the influence of external factors that are often under-explored. The results of this study indicate that larger companies tend to have higher net profits because they have greater access to cheaper financing and the ability to adapt to changes in external conditions. One important finding from this study is that companies need to pay attention to external factors, such as macroeconomic conditions and government policies that can affect their net profits. Supportive fiscal policies, such as tax reductions and other incentives, can provide significant opportunities to increase profitability. On the other hand, macroeconomic conditions such as inflation and high interest rates can put pressure on company profitability, so companies need to develop strategies to address these challenges.

This study makes a significant contribution to the development of financial management theory and practice, particularly in terms of managing internal and external factors. These findings also contribute to further research that can test the causal relationship between factors influencing net profit, as well as provide further insights into the impact of government policies and global market conditions on company performance. Going forward, this study suggests that further research be conducted using empirical data or more in-depth quantitative analysis to better understand the interaction between internal and external factors in more specific contexts, whether in a particular industry or in a particular country

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