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Determinants of Firm Growth through Sales as an Intervening Variable: A Comprehensive Multi-Variable Model in the Garment Industry

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Abstract :
The garment industry contributes significantly to Indonesia's economic development and employment generation. However, increasing competition, the emergence of substitute products, changing consumer lifestyles, and rapid digital transformation present major challenges to firm growth. Previous studies have generally examined these factors separately, resulting in limited understanding of their combined influence on business performance. This study investigates the determinants of firm growth by integrating competitors, substitute products, product innovation, digital marketing, social media, lifestyle, and consumer preferences into a comprehensive model, with sales serving as an intervening variable. A quantitative explanatory approach was employed using survey data from 377 garment business owners and managers in East Java, Indonesia. Data were collected through structured questionnaires and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The findings indicate that competitors, lifestyle, and consumer preferences positively and significantly affect both sales and firm growth. Substitute products significantly influence firm growth but have no significant effect on sales, whereas digital marketing positively affects sales without directly influencing firm growth. Product innovation and social media show no significant effects on either sales or firm growth. Sales significantly contribute to firm growth but do not mediate the relationships between the examined determinants and firm growth. These findings provide an integrated perspective on firm growth and offer practical implications for garment businesses in developing adaptive and competitive growth strategies.

INTRODUCTION

The garment industry is one of the key manufacturing sectors contributing to employment and regional economic growth in Indonesia. As a labor-intensive industry, it plays a significant role in job creation and economic development, particularly in East Java, where garment businesses range from small and medium enterprises to large-scale manufacturers. However, the industry is increasingly challenged by intensified market competition, the influx of imported products, shifting consumer lifestyles, and rapid

technological advancements that continuously reshape business strategies and market dynamics (Salim, 2023).

These changes create significant pressure on the competitiveness of garment firms. The growing presence of lower-priced imported products and evolving consumer preferences has weakened the position of domestic producers. This condition is reflected in the rising number of layoffs in the textile and garment sector, with approximately 64,855 workers affected in 2023 (Kontan, 2024), as well as the closure of major companies such as PT Sri Rejeki Isman (Sritex) in 2025, which resulted in large-scale job losses (Kompas.com, 2025). These challenges indicate that garment companies must develop more adaptive and innovative strategies to sustain their competitiveness and achieve firm growth.

From a strategic management perspective, firm growth is influenced by both external pressures and internal capabilities. Based on Porter's competitive strategy, external factors such as competitors and substitute products create competitive pressure that shapes firm performance. Meanwhile, the Resource-Based View (RBV) emphasizes the importance of internal resources, including product innovation and digital marketing capabilities, in achieving sustainable competitive advantage. In addition, behavioral factors such as lifestyle and consumer preferences further influence market demand and purchasing decisions. Therefore, firm growth can be understood as the result of the interaction between strategic and behavioral factors within a competitive environment.

In the context of digital transformation, marketing activities have evolved significantly. Digital marketing and social media enable firms to expand market reach, improve customer engagement, and respond more effectively to changing consumer preferences. These capabilities are expected to support sales performance and strengthen firm competitiveness, particularly in industries characterized by dynamic market conditions such as the garment sector.

Previous studies have examined the relationship between these factors and firm performance; however, the findings remain inconsistent. Several studies report that digital marketing positively affects sales performance and market expansion (Mellinia & Hati, 2022; Fitriani, 2021; Hidayat, 2023) n contrast, other studies suggest that digital marketing does not always improve business performance when not supported by appropriate strategies (Ramadhan & Putra, 2023). Similarly, while substitute products may influence consumer behavior and sales performance (Maulana et al., 2021), they may also encourage firms to enhance product innovation and competitiveness (Febrianto & Sari, 2023; Utami & Harjanto, 2022). These mixed findings indicate the need for a more comprehensive approach to understanding the determinants of firm growth.

In addition to competition and marketing strategies, consumer behavior also plays an important role in determining company performance. Studies by Yuliani (2022) and Nabila & Subekti (2023) indicate that changes in lifestyle increase demand for fashion products. Conversely, Haris & Nur (2021) identified a shift toward minimalist lifestyles that influence consumer purchasing decisions. Kusumawardhani (2024) as well as Fauzan & Ananda (2023) also found that the alignment between products and consumer preferences can enhance customer loyalty and increase company sales.

Despite extensive studies on firm growth, existing research largely examines strategic and marketing variables in isolation and primarily focuses on their direct effects on firm growth. As a result, there is still limited understanding of how multiple determinants interact simultaneously to influence firm growth through underlying

mechanisms such as sales. This limitation becomes more critical in the garment industry, where competition, consumer behavior, and digital transformation interact dynamically and shape business performance.

Several research gaps can be identified. First, prior studies rarely integrate competitive, marketing, and behavioral factors into a comprehensive analytical framework, leading to fragmented findings. Second, the role of sales as an intervening variable in explaining the relationship between strategic determinants and firm growth remains underexplored. Third, empirical studies focusing on the garment industry, particularly in the context of East Java, are still limited, despite its significant economic contribution and unique market characteristics.

To address these gaps, this study develops a comprehensive multi-variable model that integrates strategic and behavioral determinants, including competitors, substitute products, product innovation, digital marketing, social media, lifestyle, and consumer preferences, with sales positioned as an intervening mechanism. This study contributes in three main ways. First, it provides a more holistic understanding of firm growth by integrating multiple determinants within a single analytical framework. Second, it offers empirical evidence regarding the role of sales as an intervening variable, highlighting its limited mediating effect. Third, it provides practical insights for garment businesses in formulating more adaptive and competitive strategies to enhance growth performance. Therefore, this study aims to examine the determinants of firm growth among garment companies in East Java by analyzing the interaction between competitors, substitute products, product innovation, digital marketing, social media, lifestyle, and consumer preferences, as well as the role of sales as an intervening variable in explaining these relationships.

RESEARCH METHOD

This study employs a quantitative approach with an explanatory research design to examine the causal relationships between strategic and behavioral determinants and firm growth, with sales as an intervening variable. The study was conducted in East Java Province, Indonesia, which is one of the major centers of the garment industry characterized by intense competition, diverse business scales, and dynamic market conditions. This context was selected to provide a relevant setting for analyzing firm growth dynamics in a highly competitive environment. The population of this study consists of garment companies operating in East Java, with the sample determined using purposive sampling targeting business owners or managers who possess sufficient knowledge of marketing activities and business performance. A total of 377 valid responses were obtained, which is considered adequate for Structural Equation Modeling (SEM) analysis.

Data were collected through a structured questionnaire developed based on measurement indicators adapted from prior studies. Each construct was measured using multiple indicators, including competitors, substitute products, product innovation, digital marketing, social media, lifestyle, consumer preferences, sales, and firm growth. All items were measured using a five-point Likert scale ranging from strongly disagree to strongly agree, and the questionnaire was pre-tested to ensure clarity and validity. The data collection process was conducted through both direct distribution and online surveys to respondents who met the sampling criteria. To minimize potential bias, respondents were assured of confidentiality and anonymity, and a common method bias

test was conducted using Harman's single-factor test, which indicated that no single factor accounted for the majority of variance.

Data analysis was performed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS software. This method was selected because it is suitable for analyzing complex multi-variable relationships simultaneously and does not require strict assumptions of normal data distribution. The analysis procedure consisted of two stages: evaluation of the measurement model (outer model) and the structural model (inner model). The outer model was assessed based on outer loading, convergent validity using Average Variance Extracted (AVE), and reliability using Composite Reliability and Cronbach's Alpha, while the inner model was evaluated using the coefficient of determination (R^2), path coefficients, and hypothesis testing through the bootstrapping method. Despite its strengths, this study has several limitations, including the use of cross-sectional data that does not capture changes over time, the reliance on self-reported data that may introduce response bias, and the focus on garment companies in East Java, which may limit the generalizability of the findings.

RESULTS AND DISCUSSION

Results

Measurement Model Evaluation (Outer Model)

The evaluation of the measurement model (outer model) was conducted to ensure that the indicators used in the study are capable of measuring the research constructs in a valid and reliable manner. The outer model assessment in this study includes outer loading, convergent validity, and construct reliability.

Validity

Outer Loading

Outer loading is used to measure the strength of the relationship between each indicator and the construct it represents. An indicator is considered to meet the validity criteria if it has an outer loading value greater than 0.70.:

Table 1. Outer Loading

Variable	Number of Indicators	Loading Range
Competitors (X1)	8	0.743 – 0.808
Substitute Products (X2)	6	0.773 – 0.823
Product Innovation (X3)	8	0.795 – 0.829
Digital Marketing (X4)	8	0.767 – 0.835
Social Media (X5)	6	0.764 – 0.818
Lifestyle (X6)	6	0.800 – 0.832
Consumer Preferences (X7)	8	0.753 – 0.783
Firm Growth (Y)	4	0.844 – 0.858
Sales (Z)	6	0.795 – 0.837

Source: Processed Data (2026)

Table 1, all indicators in this study have loading values above the required minimum threshold of 0.70. Therefore, all indicators are considered valid and capable of representing the constructs being measured. The outer loading values for the variables of competitors, substitute products, product innovation, digital marketing, social media, lifestyle, consumer preferences, firm growth, and sales indicate strong correlations between the indicators and their respective constructs. This suggests that all indicators used in this study have a strong capability to explain the latent variables being measured,

and therefore no indicators needed to be eliminated.

Convergent Validity

Convergent validity is used to measure the extent to which the indicators within a construct are able to explain the latent variable being measured. The convergent validity test is conducted by examining the Average Variance Extracted (AVE) value. A construct is considered to meet the convergent validity criterion if it has an AVE value greater than 0.50.

Tabel 2. Convergent Validity

	Average Variance Extracted (AVE)
Competitors (X1)	0.604
Substitute Products (X2)	0.634
Product Innovation (X3)	0.663
Digital Marketing (X4)	0.657
Social Media (X5)	0.630
Lifestyle (X6)	0.666
Consumer Preference (X7)	0.595
Company Growth (Y)	0.721
Sales (Z)	0.664

Source: Processed Data (2026)

Based on Table 2 of the Average Variance Extracted (AVE) test presented in the table, all variables in this study have AVE values above 0.50, thus meeting the criteria for convergent validity. The AVE values for the variables Competitors (0.604), Substitute Products (0.634), Product Innovation (0.663), Digital Marketing (0.657), Social Media (0.630), Lifestyle (0.666), Consumer Preference (0.595), Company Growth (0.721), and Sales (0.664) indicate that each construct is able to explain more than 50% of the variance of its indicators.

Reliability

Cronbach Alpha and Composite Reliability

Cronbach's Alpha and Composite Reliability are used to assess the internal consistency of indicators within a construct. A construct is considered reliable if the values of Cronbach's Alpha and Composite Reliability exceed 0.70.

Table 3. Cronbach Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)
Competitors (X1)	0.905	0.906	0.924
Substitute Products (X2)	0.881	0.882	0.910
Product Innovation (X3)	0.927	0.928	0.940
Digital Marketing (X4)	0.925	0.926	0.939
Social Media (X5)	0.882	0.882	0.910
Lifestyle (X6)	0.900	0.900	0.923
Consumer Preference (X7)	0.901	0.901	0.920
Company Growth (Y)	0.871	0.872	0.912
Sales (Z)	0.884	0.885	0.912

Source: Processed Data (2026)

Table 3, all variables in this study have Cronbach's Alpha and Composite Reliability values above the required minimum threshold of 0.70. The Cronbach's Alpha values for

the variables Competitors (0.905), Substitute Products (0.881), Product Innovation (0.927), Digital Marketing (0.925), Social Media (0.882), Lifestyle (0.900), Consumer Preference (0.901), Company Growth (0.871), and Sales (0.884) indicate a very good level of internal consistency. Similarly, the Composite Reliability values (rho_a and rho_c) are all above 0.90, indicating that the indicators used in each construct have a high level of reliability in measuring the research variables.

Structural Model Evaluation (Inner Model)

The structural model evaluation (inner model) is conducted to examine the relationships among variables in the research model and the ability of the independent variables to explain the dependent variables. The testing of the inner model in this study includes the coefficient of determination (R^2), path coefficients, and the significance test of the relationships between variables through the bootstrapping procedure.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to measure the ability of independent variables to explain the variation of the dependent variables in the research model. The R^2 value indicates how much the independent variables contribute to influencing the dependent variables.

Table 4. Coefficient of Determination (R^2)

Variable	R-square	R-square Adjusted
Sales (Z)	0.542	0.533
Company Growth (Y)	0.636	0.628

Source: Processed Data (2026)

Based on Table 4 of the coefficient of determination (R^2) test, the Sales (Z) variable has an R-square value of 0.542 (adjusted 0.533), indicating that 54.2% of the variation in sales can be explained by the independent variables in the research model, while the remaining portion is influenced by other factors outside the model. Meanwhile, the Company Growth (Y) variable has an R-square value of 0.636 (adjusted 0.628), which means that 63.6% of the variation in company growth can be explained by the variables included in the research model.

Path Coefficient

Table 5. Direct Effect

Relationship Between Variables	Original Sample (O)	Sample Mean (M)	STDEV	T Statistics	P Values
Competitors (X1) → Sales (Z)	0.196	0.194	0.074	2.629	0.009
Competitors (X1) → Company Growth (Y)	0.155	0.153	0.064	2.409	0.016
Substitute Products (X2) → Sales (Z)	0.151	0.153	0.067	2.249	0.025
Substitute Products (X2) → Company Growth (Y)	0.208	0.210	0.068	3.064	0.002
Product Innovation (X3) → Sales (Z)	0.055	0.054	0.048	1.145	0.252
Product Innovation (X3) → Company Growth (Y)	0.072	0.073	0.054	1.329	0.184
Digital Marketing (X4) → Sales (Z)	0.102	0.102	0.044	2.296	0.022
Digital Marketing (X4) → Company Growth (Y)	0.083	0.085	0.053	1.580	0.114
Social Media (X5) → Sales (Z)	0.093	0.095	0.075	1.238	0.216

Social Media (X5) → Company Growth (Y)	0.001	0.001	0.066	0.009	0.993
Lifestyle (X6) → Sales (Z)	0.204	0.202	0.049	4.130	0.000
Lifestyle (X6) → Company Growth (Y)	0.172	0.170	0.043	4.015	0.000
Consumer Preference (X7) → Sales (Z)	0.143	0.140	0.068	2.107	0.035
Consumer Preference (X7) → Company Growth (Y)	0.164	0.166	0.064	2.564	0.010
Sales (Z) → Company Growth (Y)	0.155	0.151	0.058	2.641	0.008

Source: Processed Data (2026)

Based on the results of the path coefficient test using the bootstrapping procedure presented in the Table 5, several independent variables show a significant effect on Sales (Z) and Company Growth (Y). The Competitors (X1) variable has a significant effect on Sales (Z) and Company Growth (Y) with p-values of 0.009 and 0.016, respectively. Substitute Products (X2) also have a significant effect on Sales (Z) (p = 0.025) and Company Growth (Y) (p = 0.002). The Digital Marketing (X4) variable significantly influences Sales (Z) (p = 0.022), while Lifestyle (X6) significantly affects both Sales (Z) and Company Growth (Y) with a p-value of 0.000. In addition, Consumer Preference (X7) also shows a significant effect on Sales (Z) (p = 0.035) and Company Growth (Y) (p = 0.010). Meanwhile, the variables Product Innovation (X3) and Social Media (X5) do not show a significant effect on Sales (Z) or Company Growth (Y) because their p-values are greater than 0.05. The results of the study also indicate that Sales (Z) has a significant effect on Company Growth (Y) (p = 0.008), suggesting that an increase in sales can encourage the growth of garment companies in East Java.

Table 6. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	t statistics (|O / STDEV|)	P values
Competitors (X1) → Sales (Z) → Company Growth (Y)	0.024	0.023	0.015	1.605	0.109
Substitute Products (X2) → Sales (Z) → Company Growth (Y)	0.013	0.013	0.011	1.122	0.262
Product Innovation (X3) → Sales (Z) → Company Growth (Y)	0.006	0.006	0.007	0.968	0.333
Digital Marketing (X4) → Sales (Z) → Company Growth (Y)	0.017	0.016	0.010	1.630	0.103
Social Media (X5) → Sales (Z) → Company Growth (Y)	0.003	0.004	0.010	0.314	0.753
Lifestyle (X6) → Sales (Z) → Company Growth (Y)	0.030	0.030	0.018	1.652	0.099
Consumer Preference (X7) → Sales (Z) → Company Growth (Y)	0.018	0.018	0.014	1.244	0.214

Source: Processed Data (2026)

Table 6, all relationships tested through the sales variable show probability values greater than 0.05, indicating that the indirect effects are not statistically significant. For example, the indirect effect of competitors through sales shows a probability value of 0.109, while substitute products and product innovation show values of 0.262 and 0.333, respectively. Similar patterns are observed for other variables, where digital marketing, social media, lifestyle, and consumer preferences also demonstrate probability values

above the 0.05 threshold, indicating the absence of significant mediation effects. These findings suggest that sales do not function as an effective mediating variable in explaining the relationship between strategic determinants and firm growth. Although several variables have been shown to influence firm growth directly, their effects are not transmitted through sales as an intervening mechanism.

Discussion

The results show that competitors (X1) have a positive and significant effect on both sales (Z) and firm growth (Y) among garment companies in East Java. This is indicated by a path coefficient of 0.196 with a p-value of 0.009 for the relationship between competitors and sales, and 0.155 with a p-value of 0.016 for the relationship between competitors and firm growth. These findings indicate that increasing competition within the garment industry encourages companies to strengthen their business strategies, such as improving product quality, enhancing production efficiency, adjusting pricing strategies, and improving customer service. Such efforts contribute not only to increased sales but also to improved business performance and firm growth. These findings are consistent with previous studies showing that competitive intensity encourages firms to enhance marketing strategies and sales performance (Susanto, 2020; Putri & Nugroho, 2021; Surentu et al., 2021). Moreover, competition can stimulate efficiency and innovation, which ultimately support firm growth (Santoso & Hartono, 2024; Rini & Budi, 2021; Keelson, 2022).

The findings indicate that substitute products (X2) do not significantly influence sales (Z) but significantly affect firm growth (Y). This is reflected in the p-value of 0.108 for the relationship between substitute products and sales, indicating that the hypothesis is rejected. However, the relationship between substitute products and firm growth shows a coefficient of 0.208 with a p-value of 0.002, indicating a significant effect. This suggests that the presence of substitute products may not directly influence sales but may pressure companies to improve product quality, differentiate designs, and adjust pricing strategies to remain competitive, thereby supporting firm growth. While some previous studies suggest that substitute products influence sales performance (Wulandari & Pratama, 2023; Prasetyo & Sari, 2022), the present findings highlight their role in encouraging strategic adjustments and innovation that strengthen competitiveness and firm growth (Saragih et al., 2024; Utami & Harjanto, 2022; Fitriani, 2021).

The results indicate that product innovation (X3) does not significantly influence sales (Z) or firm growth (Y). This is indicated by p-values of 0.252 for the relationship between product innovation and sales and 0.184 for its relationship with firm growth, leading to the rejection of both hypotheses. These findings suggest that product innovation implemented by garment companies has not yet produced a significant impact on sales performance or firm growth. This condition may indicate that innovations have not fully aligned with market needs or have not been supported by effective marketing strategies.These results differ from several previous studies that reported positive effects of product innovation on sales and firm growth (Rahayu & Widodo, 2020; Kurniawan, 2021; Aswan et al., 2021; Yulianti & Wahyu, 2020; Pramudito, 2021).

The findings reveal that digital marketing (X4) has a significant effect on sales (Z) but does not significantly influence firm growth (Y). The coefficient for the relationship between digital marketing and sales is 0.102 with a p-value of 0.022, indicating a

significant effect, whereas the relationship with firm growth shows a p-value of 0.114, indicating insignificance. This suggests that digital marketing strategies such as online promotion, social media utilization, and digital communication with customers can improve sales performance. However, these improvements do not directly translate into firm growth. These findings support previous studies demonstrating that digital marketing can expand market reach and enhance sales performance (Fadillah & Sari, 2021; Aminah & Nurhayati, 2020; Mellinia & Hati, 2022). However, digital marketing alone may not directly drive firm growth, as growth is also influenced by factors such as product innovation, operational efficiency, and broader business strategies (Rahmawati & Indra, 2021; Utami & Harjanto, 2022; Fitriani, 2021).

The results indicate that social media (X5) does not significantly affect either sales (Z) or firm growth (Y). This is reflected in p-values of 0.216 for the relationship between social media and sales and 0.993 for the relationship between social media and firm growth. These findings suggest that the use of social media by garment companies has not yet produced a significant impact on sales performance or firm growth. This condition may occur because social media utilization remains suboptimal, such as through ineffective content strategies, limited consumer engagement, and inadequate market segmentation. Although previous studies have shown that social media can enhance purchase decisions and sales performance, such outcomes are highly dependent on the effectiveness of its implementation and management. These findings contradict several previous studies suggesting that active social media engagement can increase purchase decisions and sales volume (Putra & Lestari, 2020; Wibowo, 2019; Intani & Ruzikna, 2023) and may also support firm growth through broader market reach and customer loyalty (Kaplan & Haenlein, 2010; Putra & Lestari, 2020; Wibowo, 2019).

The findings show that lifestyle (X6) has a positive and significant effect on both sales (Z) and firm growth (Y). This is indicated by coefficients of 0.204 with a p-value of 0.000 for the relationship between lifestyle and sales and 0.172 with a p-value of 0.000 for the relationship between lifestyle and firm growth. These findings indicate that consumer lifestyle plays an important role in shaping purchasing decisions in the garment industry. Changes in lifestyle related to activities, interests, and fashion trends encourage companies to adapt their product designs and marketing strategies to consumer preferences. This result is in line with previous studies suggesting that lifestyle significantly influences consumer purchasing behavior and market demand in the fashion industry. These findings are consistent with previous studies indicating that lifestyle significantly influences purchasing decisions and fashion sales performance (Sari & Harsono, 2019; Andrika, 2024; Thania & Anggarini, 2023) and can contribute to firm growth when companies align products with market trends (Widati & Utami, 2021; Andrika, 2024).

The results indicate that consumer preferences (X7) have a positive and significant effect on both sales (Z) and firm growth (Y). The relationship between consumer preferences and sales shows a coefficient of 0.143 with a p-value of 0.035, while the relationship with firm growth shows a coefficient of 0.164 with a p-value of 0.010. These findings suggest that when products align with consumer preferences, the likelihood of purchase increases, leading to higher sales and supporting firm growth. Companies that understand market preferences regarding design, material quality, and product image can enhance customer loyalty and strengthen their market position.

These findings align with previous research indicating that consumer preferences play an important role in purchasing decisions and sales performance in the fashion industry (Dewi & Hidayat, 2020; Fauzan & Laila, 2021; Suparyawan & Dermawan, 2022) and can guide more effective product and marketing strategies (Kusumawardhani, 2024; Ronauli & Indriani, 2020).

The findings indicate that sales (Z) have a positive and significant effect on firm growth (Y). The coefficient is 0.155 with a p-value of 0.008, indicating that the hypothesis is accepted. This suggests that increased sales contribute directly to firm growth through higher revenue, expanded market share, and stronger competitive positioning within the garment industry. These findings are consistent with previous studies showing that higher sales performance contributes to firm growth through revenue expansion and business development (Fitriani, 2021; Utami & Harjanto, 2022; Rahmawati & Indra, 2021). Sales performance also reflects the effectiveness of marketing strategies in meeting market demand (Hidayat, 2023; Mellinia & Hati, 2022; Aminah & Nurhayati, 2020).

The findings indicate that sales (Z) do not significantly mediate the relationship between strategic determinants and firm growth (Y) among garment companies in East Java. The indirect effect analysis shows that all mediation paths have p-values greater than 0.05, including competitors (X1), substitute products (X2), product innovation (X3), digital marketing (X4), social media (X5), lifestyle (X6), and consumer preferences (X7) toward firm growth through sales. These findings suggest that although several strategic factors can increase sales activities, the increase in sales is not sufficiently strong to translate into firm growth through the mediation mechanism.

This finding differs from previous studies suggesting that sales play a key role in driving firm growth by increasing revenue and expanding market share (Fitriani, 2021; Mellinia & Hati, 2022; Rahmawati & Indra, 2021). Other studies also highlight that effective marketing strategies and alignment with consumer preferences can increase sales and ultimately promote firm growth (Aminah & Nurhayati, 2020; Utami & Harjanto, 2022; Hidayat, 2023.

However, the results of this study indicate that increasing sales alone may not be sufficient to drive firm growth in the garment industry. This suggests that garment companies should not rely solely on sales performance as a growth strategy, but also need to focus on other factors such as product innovation, operational efficiency, and competitive positioning. In practice, firms should develop more comprehensive strategies that integrate marketing efforts with innovation and market differentiation in order to achieve sustainable growth.

CONCLUSION

This study concludes that competitors, lifestyle, and consumer preferences are key determinants of both sales and firm growth in garment companies in East Java, whereas substitute products and digital marketing exhibit only partial effects, and product innovation and social media do not significantly influence either sales or firm growth. Although sales significantly contribute to firm growth, they do not mediate the relationship between the examined strategic determinants and firm growth, suggesting that growth is driven more by direct strategic and behavioral factors than by indirect mechanisms through sales. The study contributes to the literature by proposing an integrated multi-variable framework that combines competitive, marketing, and behavioral dimensions to explain firm growth while providing empirical evidence that

challenges the commonly assumed mediating role of sales. Practically, the findings highlight the importance of strengthening consumer-oriented strategies and competitive positioning rather than focusing solely on sales improvement to achieve sustainable growth. Nevertheless, the study is limited by its cross-sectional design, reliance on self-reported data, and focus on garment companies in East Java, which may restrict the generalizability of the findings. Future research is encouraged to incorporate additional variables such as innovation capability, digital transformation, and competitive advantage, as well as to examine different industrial contexts to provide broader insights into firm growth dynamics.

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