

## Effect of Current Ratio and Activity Ratio on Profitability in Food and Beverage Companies Listed on the Indonesia Stock Exchange (2018-2021)

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### ARTICLE INFO

#### Keywords:

Liquidity, Solvency,  
Profitability

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### ABSTRACT

Today's people are increasingly liking and enjoying packaged food and drinks, in addition to the delicious and delicious taste, plus it is practical when taken anywhere. This is what triggers the growth and development of this industry. Thus it is necessary to measure the level of performance and to measure the performance of these companies is to use the SPSS 20 tool which uses company data that provides food and beverages listed on the Indonesia Stock Exchange to productests run on the data show that Profitability is not significantly affected. This means that there is no correlation between variables. Liquidity variable (X1) of 0.789 is less than t table 2.026 or the significance value of the Liquidity variable 0.435 is more than 0.05. Likewise with the activity ratioThe activity variable has a t value of -0.331 which is smaller than the t table of 2.026 or the sigt value of the activity variable is 0.743. This means that activity has no significant effect on profitability. Likewise simultaneously with a significance level of 0.731. F count <F table is 0.316 <3.24 when compared with F table at the 5% confidence level. Fcount <F table, it can be concluded that it has no effect.

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## 1. INTRODUCTION

One industry which supports the Indonesian industrial world is the food and beverage industry. Indonesian people tend to like ready-to-eat, practical and delicious food and drinks. Therefore, many industrial companies grow and develop in the food and beverage sector. With the development of the industry in this field, it can be categorized as this industry that has managed to survive in Indonesia, despite the Covid-19 outbreak that hit Indonesia. One assessment of the success of a company is to see how much the business is able to boost sales and generate profits. Therefore the company must be able to manage its assets to pay its obligations (short term debt) in a timely manner. Besides that, the effectiveness of the company must also be measured based on the use of its assets, and the effectiveness of management as a whole. The company must also be able to make a profit at the appointed time. To see the whole of the financial statements can be used to measure the performance of the organization where Financial statements are a tool used to describe or provide an overview of the financial condition of a company. [1] From the presentation of the financial statements, then each financial ratio is analyzed. Halve numbers to compare data in financial statements. known as financial ratio analysis. When financial statements are expressed in simple mathematical form for a certain time period or period, comparisons between components in the financial statements can be made for different time periods. [2]. A company's liquidity is an indicator of its capacity to meet short-term (current) financial commitments with maturities of less than one year. The current ratio, which assesses a company's ability to cover current liabilities with current assets, is one measure. A company's current ratio usually shows how liquid the company is. [3] This level of activity measures how well the company can convert non-cash assets or assets into cash. Businesses can improve their efficiency by quickly converting their

assets into cash or sales.[4]. One of the activity ratio formulas is Asset Turn Over ie This ratio tests how successful the company's assets as a whole rotate in an effective way [5] Net Profit Margin is what is used in the Profitability Ratio. This ratio measures how well the company's sales and investment results reflect the effectiveness of corporate governance. [6]

Research conducted by Adji Widodo obtained CR values that did not affect profitability (ROA), and return on investment (ROA) did not affect firm value at a regression coefficient of 0.010787 and a significance level of 0.2356, obtaining the results of the current ratio variable partially and not significant namely ROA. ROA has increased by  $1 \times 0.010787$  unit (increased ROA) if the CR value changes by one unit.[7]. In the research of Suci Wahyu Liza and friends, there is a significant negative effect on the liquidity ratio, solvency ratio and working capital turnover on the profitability of manufacturing companies listed on the Indonesian stock exchange.[8] Another article completed by Olija Sinaga shows that profitability is separately influenced positively and significantly by the Current Ratio. Firm size and partial total asset turnover (TATO) have a negative but not significant effect on business profitability.[9]. Arif Mahfud Sodiq conducted research to obtain results The variable Return to Assets greatly affects profitability (ROA), but Accounts Receivable Turnover, Inventory Turnover, Total Assets Turnover, and Sales do not. This is based on the results of the t-test data analysis. [10]

Table 1. Financial ratio formula

Ratio	Formula
Current Ratio	$\frac{\text{Aktiva Lancar}}{\text{Hutang lancar}}$
Activity	$\frac{\text{Penjualan}}{\text{Total Asset}}$
Profitability	$\frac{\text{Laba Bersih}}{\text{Total Asset}}$

## 2. METHOD

The population in this study is food and drink on the IDX in the range of 2018 and 2021 being the research population. Companies using the rupiah currency and issuing complete financial statements for the years 2010 to 2013 meet the sampling criteria. On the Indonesia Stock Exchange there are ten food and beverage companies included in this writing, that is PT Akasha Wira International Tbk (ADES), PT Tri Banyan Tirta Tbk (ALTO), PT Campina Ice Cream Industry Tbk (Campina), PT Sariguna Primatirta Tbk (Cleo), Garuda Food, PT Indofood CBP Sukses Makmur Tbk (Indofood), Mayora Indah Tbk (Mayora), PT Nippon Indosari Corpindo (Sari Roti), PT Siantar Top Tbk (STT) and PT Ultra Jaya Milk Industry & Trading Company Tbk (Ultra Jaya) using four-year time series data starting from 2018 to 2021. Using SPSS 20 as the processing tool. The data to be analyzed are the Normality Test, Multicollinearity Test, Heteroscedasticity Test, Multiple Linear Regression Test, Coefficient of Determination Test (R<sup>2</sup>), Partial Test (t test) and simultaneous test (F test). The Indonesia Stock Exchange provides information on where companies in the food & beverage sector come from website.

## 3. RESULTS AND DISCUSSIONS

### Conceptual Framework

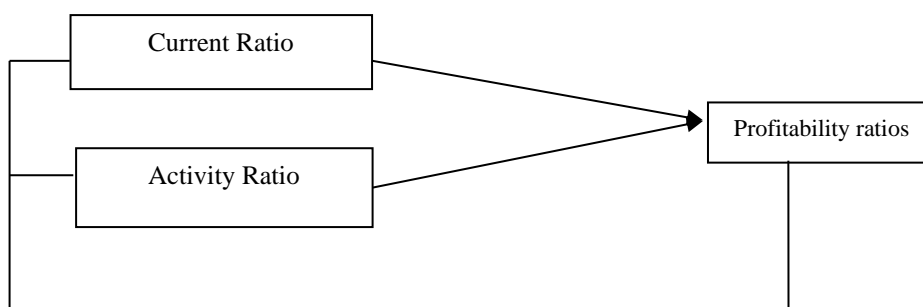


Figure 1. conceptual framework

This conceptual framework explains how profitability is affected by liquidity indicators. The impact of activity ratios on profitability and the simultaneous impact of liquidity and activity ratios on profitability

Normality test

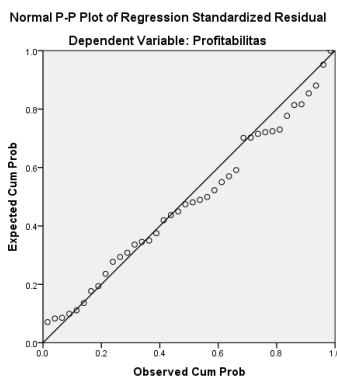


Figure 2. Normality Test

The pictures showThe data is more typical if there are fewer points that deviate from the line. Judging from the figure, it can be seen that the data is somewhat close to the normal line.

Multicollinearity Test.

Table 2. Value Tolerance and Variance Inflation Factor

Variables	tolerance	VIF
Liquidity	0911	1,097
Activity	0911	1,097

From the arrangement above, the multicollinearity test can be identifiedThe Liquidity and Activity Tolerance value is  $0.911 > 0.10$  which indicates that there is no multicollinearity as seen in the multicollinearity test table above. There is no multicollinearity even though the VIF value for liquidity and activity tolerance is  $1.097 < 10$ .

Heteroscedasticity Test

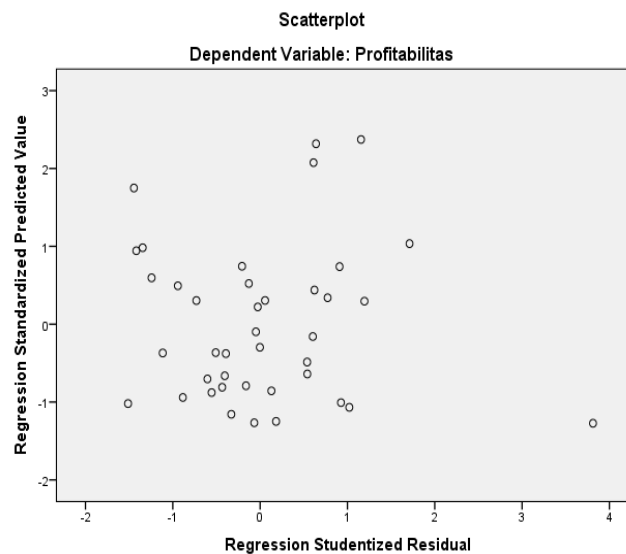


Figure 3. Heteroscedasticity Test

This equation (linear regression) is considered not experiencing heteroscedasticity if the pattern is spread evenly on the scatterplot graph in Figure 3 and does not form a certain pattern or accumulates at certain locations.

### Multiple Linear Regression Test

Table 3 Multiple Linear Regression

Model	Coefficients <sup>a</sup>					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	tolerance	VIF
	B	std. Error	Betas				
(Constant)	8,736	2,409		3,626	0.001		
1 Liquidity	0.829	1,052	0.135	0.789	0.435	0911	1,097
Activity	-0.085	0.256	-0.057	-0.331	0.743	0911	1,097

Dependent Variables: Profitability

Based on Table 2, profitability (Y) is controlled by a constant value of 8.736 with liquidity (X1) and activity (X2) values of -0.085 and 0.829, respectively. Here's how to write as follows:  $Y = 8.736 + 0.829X_1 - 0.085X_2$

Coefficient of Determination Test (R<sup>2</sup>)

table 3 : Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.130 <sup>a</sup>	0.017	-0.036	6.44904

- a. Predictors: (Constant), Liquidity\_Activity  
b. Dependent Variable: Profitability

List of R-square Determination Coefficient Test test shows 0.017, so it can be said that these two ratios only explain 1.7% of the profitability ratio, while the remaining 98.3% is the influence of other external variables. such as leverage ratios, growth ratios, market value ratios and others.

#### Partial Test (t test)

The t-test is used to assess the impact separately on each independent variable on the dependent variable individually (partially). The regression equation describes how activity (X2) and liquidity (X1) impact profitability (Y). Up to 40 data points from four years of observational data are used to construct these equations. 5% error rate when testing hypotheses.

1. The estimate for the variable liquidity ratio (X1) is 0.789 which is less than the t table value of 2.026, or the sig.t value of 0.435 is more than 0.05. namely the profitability ratio is not significantly influenced by the liquidity ratio.
2. The sig.t value of the Product Quality variable is 0.743 greater than 0.05 or the estimated t value of the Activity Ratio variable (X2) is -0.331 less than the t table of 2.026. meaning Profitability Simultaneous Test is not significantly affected by the activity ratio (Test F)

#### Simultaneous Test

Finding out whether the independent variable significantly affects the concurrent dependent variable is the goal of the simultaneous test.

Table 4: Simultaneous Test

Model	Sum of Squares	df	Mean of Square	F	Sig
Total	26,320	2	13.160	0.316	0.731b
Residual	1538,834	37	41,590		
Regression	1565.154	39			

Table 4 displays the results of the simultaneous test which shows a significant threshold for F count = 0.316 and 0.731. At the 5% confidence level, F count < F table (0.316 < 3.24) compared to F table (0.05). Because F count < F table, we get the meaning that the independent variables of liquidity and activity do not have a significant effect on profitability simultaneously.

## 4. CONCLUSION

The results show that Liquidity and Activity have little effect, either separately or together, on profitability on the Indonesian stock exchange in the food and beverage sector. Study this is different from the study conducted by Suci Wahyu Sunarto Wage and Anis Fadhillah. However, according to a study conducted by Arif Mahfud Sadiq, Turnover of Total Assets and increase in sales did not have a significant impact on Return on Assets. In contrast to the article conducted with OIJA SINA, the research results show that Total Asset Turn Over (TATO) and firm size have a negative and insignificant effect on profitability (ROA). OIJA SINAGA's study found results showing that the total Total Asset Turnover and company profitability is negatively and not significantly affected by company size. Total asset turnover and sales growth have no observable effect on profitability (ROA). OIJA SINA's study found that business size and total asset turnover (TATO) have a negative and insignificant impact on profitability (ROA). OIJA SINAGA's opinion shows that total asset turnover (TATO) and business size have a negative and not significant effect on organizational profitability.

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