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EFFECT OF DEBT TO ASSET RATIO AND DEBT TO EQUITY RATIO ON RETURN ON EQUITY IN MANUFACTURING COMPANIES IN THE FOOD AND BEVERAGE SECTOR REGISTERED ON IDX 2017 -2022

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ARTICLEINFO

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ROE;

ABSTRACT

Study This aims To know to influence *Debt to equity Ratio* And *Debt Assets Ratio* to *Return On Equity* with the title Influence *Debt to Equity Ratio* and *Debt to Asset Rati*o *Return On Equity* for companies in the food and beverage sector manufacturing companies listed on the IDX for the period 2017 – 2022. Type research used studies quantitative The type of data used researcher is secondary data in the form of quantitative Population in the study This consists of all company manufacturers in the *food and beverage sector* listed on the Indonesia Stock Exchange (IDX) during the period 2017 – 2022 i.e. as many as 43 companies. And the sample in research This uses the technique *of purposive sampling* totaling 10 companies listed on the Indonesia Stock Exchange that meet the characteristics of the For done research. Data analysis techniques in research This uses the regression test multiple and hypothesis testing using SPSS V. 25 software. The results study This is the influence of DAR on ROE obtained 2.505 > 2.001. And have a number significance of 0.006 <0.05. the effect of DER on ROE obtained 2,472 > 2,001. And have a number significant of 0.002 <0.05. Based on the results the can *Debt to equity ratio* is influential positive and significant to *return on equity*. kindly simultaneous is known mark F_{count} of 8.402 > F_{table} 3.15 with significant 0.005 <0.05 then H_an accepted. It means There is an influence Which positive and significant in a manner together from whole variable free *Debt to Asset Ratio* and *Debt to Equity Ratio* to variable bound *return on equity*.

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1. INTRODUCTION

Measurement level return from investment from something company is measurable in something ratio finance because ratio finance used as one tool analysis investment used For measure several things in the company included in it is measure level health company, measure the return on investment and so forth. However No only used For the second matter of the course, ratio finance usually used investors as the Wrong tool To help analyze a company with a method to compare ratio finance One company with the company the other.

Wrong One ratio finance Which is usually used To measure magnitude level return or returns from something investment specifically from acquired shares is with uses ratio profitability, that is *Return On Equity. Return On* Equity is one ratio used as a tool analysis investment, that compares profit clean after tax with equity company. So the more tall ratio This will the better Because gives level more return big on the holder share. For known factor What only influences *Return on Equity* in the study This used ratio debt, that is *Debt to Equity Ratio* and *Debt to Assets Ratio*. *Debt to equity Ratio* is the ratio Which worn To measure debt with equity. Ratio This counted method compares all debts, including current liabilities, with the whole equity company (Kashmir SE., 2019) *Debt to Total Assets Ratio is* used To measure how much big amount assets a company financed with total debt (Shamsuddin, 2006:30).

The more tall ratio means a more big amount of loan capital is used For investment in assets To use produce profit for the company The taller mark *Debt to-equity Ratio* And *Debt to Assets Ratio* show that the portion of debt and burden still used company For finance capital and assets the higher anyway. Using that debt big too in a manner No direct follow influence uncertainty And risk as well as the advantage will be generated will follow too big.

The theory says that for creditors, an increasingly big ratio *Debt to Equityratio* is increasing harm Because means borne risk the higher. The taller mark *Debt to Assets Ratio* means more big source fund through loan For finance assets and show high risk also Because There are worries company is No capable cover debt - debt with owned assets so that For obtain additional cost will the more difficult (Kasmir, 2016). Following This ratio finance several companies that will be discussed in research:

Table 1: ratio finance issuer

ISSUER	YEAR	DAR	DER	ROE
	2017	17.69	9:49 p.m	25.48
	2018	18.90	23.30	23.07
	2019	14.06	16.35	18.69
	2020	14.43	16.86	10:36 p.m
ULTJ	2021	45.38	83.07	28.00
	2017	0.63	1.72	6.12
	2018	0.37	0.59	2.53
	2019	0.41	0.7	1.53
	2020	0.43	0.76	0.09
SKBM	2021	0.43	0.76	0.09
	2017	0.47	0.87	12,10
	2018	0.47	0.88	0.11
	2019	0.48	0.93	0.10
	2020	0.44	0.77	11.30
INDF	2021	0.51	1.06	13,10
	2017	0.36	0.56	20.80
	2018	0.36	0.56	18.30
	2019	0.34	0.51	21.70
	2020	0.31	0.45	21.70
ICBP	2021	0.51	1.06	19.30

Based on the table can see the ratio of finance company *Food and Beverage* listed on the IDX, where the ROE ratio is still below 30% meaning the company is Not yet in a manner maximum manage company profits become equity. According to Kasmir (2017) that " *return on equity* (roe) is the ratio To measure profit clean after tax with own capital . Ratio This showing efficiency the use of own capital, the more tall ratio this, increasingly good ". ROE shows magnitude return on the total capital for generate profit ."

2. LITERATURE REVIEW

Debt to asset ratio (DAR)

Debt to Asset ratio or *Debt Ratio* is a debt ratio used To measure how many big assets a company financed by debt or how much large corporate debt is influential to manage assets. The method is to compare total debt and total assets (Kashmir SE., 2019). *Debt to Assets Ratio* is used To compare How many magnitude assets the company has with the amount owed, and also to know several matters related to own capital and loan capital as well as know the ratio ability company To fulfill its obligations. Following This 734indicator For measure DAR according to (Kashmir SE., 2019) :

$$Debt\ to\ Assets\ Ratio = \frac{\text{Total } Debt}{\text{Total } Assets} \text{ x } 100\%$$

Debt To Equity Ratio (DER)

According to (Kashmir SE., 2019) *Debt to Equity Ratio* is the ratio of solvency or the leverage used To measure capital structure for fulfilling obligation periods long and term short. *Debt to Equity Ratio* is a ratio used To assess debt with equity. Whereas according to (Sujarweni, 2019) *Debt to Equity Ratio* is a ratio comparison between debt and equity in funding showing the company's own capital capacity company For fulfilling whole obligations. *The debt to Equity Ratio* is an instrument for knowing the ability of equity or assets to clean something a company in handling its obligations Alone (Malik et al., 2023).

As for the indicator For stretched *Debt to Equity Ratio* by Kashmir (Kashmir SE., 2019) is as follows:

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$$Debt\ to\ Equity\ Ratio = \frac{\text{Total utang } (Debt)}{Equity} \text{ x } 100\%$$

***Return on Equity* (ROE)**

According to (Hery, 2015) ROE is the ratio used To measure the successful company in producing profit for holders' stock. ROE is considered as representation from riches holder share or mark company. According to Cashmere (Kashmir SE., 2019), *Return On Equity* (ROE) is a comparison between profit clean with the capital (core capital) of the company. Ratio This shows the level of possible presentation ROE generated is very important for holders' stocks and potential investors because the high ROE means anyway and the increase in ROE will cause an increase in stock.

Following This 735indicator For measure ROE according to (Kashmir SE., 2019) :

$$Return\ On\ Equity = \frac{\text{Laba Bersih}}{Total\ Equity} \text{ x } 100\%$$

Framework Thinking

Following framework Thinking on research this :

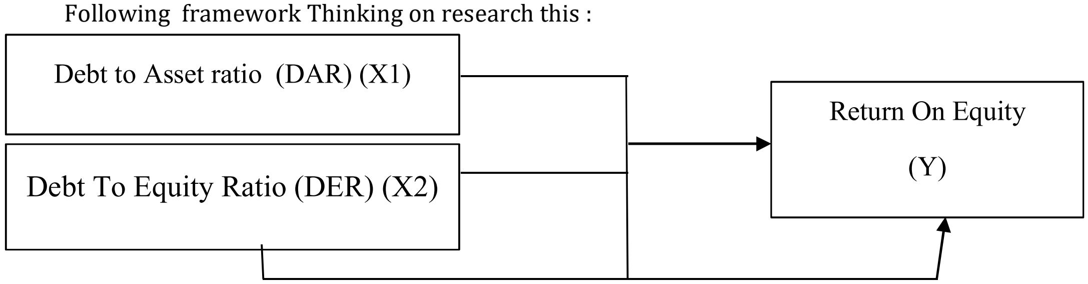

Figure 1. Framework Thinking theoretical

Hypothesis :

H1 *Debt To Asset Ratio* influential To *Return On Equity* in Manufacturing Companies Listed *Food* And *Beverage* Sector In Bei 2017 – 2022

H2 *Debt To Equity Ratio* influential To *Return On Equity* in Manufacturing Companies Listed *Food* And *Beverage* Sector In Bei 2017 – 2022

H3 *Debt To Asset Ratio* and *Debt to Equity Ratio* influential To *Return On Equity* in Manufacturing Companies Listed *Food* And *Beverage* Sector In Bei 2017 – 2022.

3. METHODS

The type of research used is study quantitative. Research This aims To know the connection between two variables or more. Study This so will be built something theory that can function To explain, predict, and control something's symptoms (Russiadi , 2014)

According to (Sugiyono, 2018) The type of data used researcher is secondary data in the form of quantitative i.e. the data being measured based on a scale numeric like mark ratio. Research data the obtained researcher from the report finance published yearly company every period.

According to (Suharsimi Arikunto, 2016) Population in the study consists of all companies manufactured in the *food and beverage sector* listed on the Indonesia Stock Exchange (IDX) during the period 2017 – 2022 i.e. as many as 43 companies. And the sample in research This uses the technique of *purposive sampling* where the researcher takes a sample with evaluates several characteristics member customized samples based on consideration certain. Based on criteria the there are 10 companies listed on the Indonesia Stock Exchange that comply characteristics of the For done research.

According to (Ghozali, 2014) Test assumptions are underlying assumptions analysis regression with objective measure association or attachment between variable free. There are 4 testers, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation.

Multiple linear regression analysis studies about dependency variable dependent (bound) with One or more variable independent (variable free/explanatory). Form regression multiple on research This discusses regression double with 2 variables independent, namely: $\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e}$

Hypothesis Test

A partial test (t-test) was used To test how much Far influence variable independent used in the study This individually explained variable dependent in a manner Partial (Ghozali, 2014). A simultaneous test (Test F) is show if variables freely entered in models influence in a manner together to variable bound. And the test of Determination, according to (Sujarweni, 2015) Coefficient Determination Partial is the coefficient For know magnitude contribution given by each variable independent to variable dependent in a manner separate (partial).

4. RESULTS AND DISCUSSION

Analysis Descriptive

Following analysis in a manner descriptive that describes the data from object research. the data is *Debt to Equity Ratio*, *Debt to Asset Ratio,* and *Return On Equity* in food and beverage companies for the period 2017 – 2022.

Table 2. Statistical test description f

			Descriptive Statistics		
	Minimum	**Maximum**	**Means**	**std. Deviation**	**N**
ROE	0.1	28	313.4960	582.28486	60
DAR	0.27	45,38	29,263	20.6325	60
DER	0.37	83.07	57.3337	74.82795	60

Based on the table descriptive above, shows that the minimum ROE amount is 0.1 and the value maximum is 28. The minimum DAR amount is 0.27 and the value maximum is 45.38. The minimum DER amount is 0.37 and the value maximum is 83.07.

Normality test

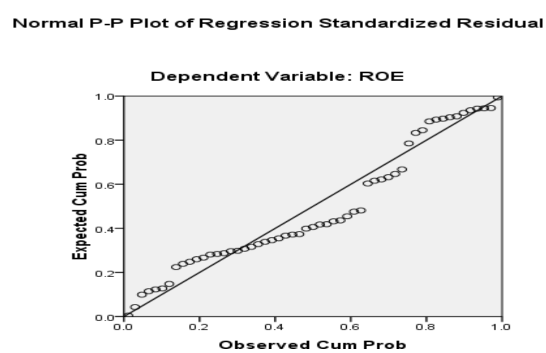

Figure 1: Normality Test

Can see that dot, dot, and dot spread follow the line diagonally, Because That test normality data with the use of pp *Plot of Regression standardized residual* above, can state that data is normally distributed and already fulfill the assumption classic.

Multicollinearity Test

Table 3. Multicollinearity Test

Coefficients [a]			
		Collinearity Statistics	
Model		**tolerance**	**VIF**
1	(Constant)		
	DAR	,703	1.423
	DER	,703	1.423
a. Dependent Variable: ROE			

Based on the table seen tolerance value is> 0.1 and the VIF value is < 10 thereby can conclude that in the study This No happen symptom multicollinearity between variable independent (free).

Heteroscedasticity Test

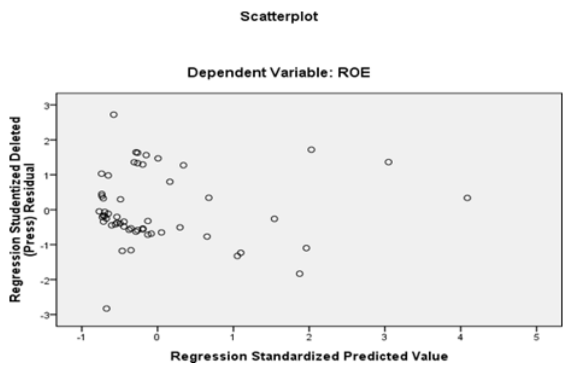

Figure 2: Heteroscedasticity Test

Scatterplot image saw that dot, dot, dot data spread on And under or around zero. Data points are not only collected above and under course, deployment dot, dot, dot No form pattern wavy widened and narrowed as well as widened back. this can conclude that No happen heteroscedasticity.

Regression TEST Double

Table 4: Regression Test Double

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	std. Error	Betas	t	Sig.
1	(Constant)	411,726	132,262		3,113	,003
	DAR	2,231	4,419	2,479	2,505	,006
	DER	2,575	3,218	2,074	2,472	,002

a. Dependent Variable: ROE

ROE = 411,726 +2.231 X_1 + 2.575X_2

The coefficient value of the DAR regression of -2.231 shows that with every addition of the DAR value, then the DAR will be followed by an increased ROE value of 2.231. The DER coefficient value of 2.575 shows that every DER increase then will be followed by an ROE increase of 2.575.

Hypothesis test (t-test)

Based on Table 3 results testing in a manner Partial influence of DAR on ROE obtained 2.505 > 2.001. And have a number significant of 0.006 <0.05. Based on the results the can *Debt to asset ratio* is influential positive and significant to *return on equity*.

Based on results testing in a manner Partial the effect of DER on ROE obtained 2,472 > 2,001. And have a number significance of 0.002 <0.05. Based on the results the can *Debt to equity ratio* is influential positive and significant to *return on equity*.

Simultaneous Test (Test F)

Table 5 Test F

ANOVA [a]						
Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	361457.572	2	180728786	4,524	.005 [b]
	residual	19642826.201	57	344610.986		
	Total	20004283.773	59			

a. Dependent Variable: ROE

b. Predictors: (Constant), DER, DAR

From the ANOVA test in the table one got a mark F_{count} of 8.402 > F_{table} 3.15 with significant 0.005 <0.05 then H_an accepted. It means there is influence That is positive and significant in a manner together from whole variable free *Debt to Asset Ratio* and *Debt to Equity Ratio* to variable bound *return on equity*.

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Determination Test

Table 6 Test of Determination

Model	R	R Square	adjusted R Square	std. The error of the Estimates	Durbin-Watsons
1	.494 [a]	.244	.215	.36110	1912

R Square value of 0.244 percent influences *Debt to Equity Ratio* and *Debt to Assets Ratio* to *Return on Equity* the remaining 75.6 is influenced by other variables such as *net profit margin,* price stocks, and others.

Effect of Debt To Asset Ratio on Return On Equity

Based on hypothesis testing is known variable *Debt to asset ratio* is influential positive and significant to *return on equity* in the company manufacturing in the food and beverage sector for the period 2017 – 2022. Shows theory that the more tall mark *Debt to Asset Ratio* then the more big source fund through loan For finance assets And show because of the high risk There are worries company No capable cover future debts will impact difficulty obtain additional possible costs with an emphasis on profit or profitability. Study This is supported by the journal study (Istan, 2018) mentioning in his research that DAR affected positively and significantly ROE in the company sector banks listed on the IDX. Besides That study (Yulda Elfandani F., 2019) results of his research explained *Return OnEquity* At Company Registered In *Jakarta Islamic* Positive *index* is influenced by dar.

Effect of Debt To Equity Ratio Against Return On Equity

Based on the hypothesis test results is known variable *Debt to equity ratio* is influential positive and significant to *return on equity* in the company manufacturing in the food and beverage sector for the period 2017 – 2022. In theory, mention the magnitude of the Debt to Equity Ratio shows that the more big total loan capital so will influence uncertainty and risk as well as the profits to be generated will follow too big. Research results This supports a study previously done by (Widasari & Sulastri, 2016) concludes that there is influence positive and significant between the variable Debt to Equity Ratio to Return On Equity. A study by (Satria & Sundari, 2021) concludes that influential positive on Return On Equity in the company banking that is listed on the IDX for the 2016-2019 period.

Effect of Debt To Asset Ratio and Debt To Equity on Return On Equity

Spread ANOVA test results on known there is influence Which positive and significant in a manner together from whole variable free *Debt to Asset Ratio* and *Debt to Equity Ratio* to variable bound *return on Equity* in the company manufacturing in the food and beverages sector for the period 2017 – 2022 and is 0.244 percentage influence *Debt to Equity Ratio* and *Debt to Assets Ratio* to *Return on Equity* the remaining 75.6 is influenced by other variables such as *net profit margin,* price stocks, and others. Can conclude that if the second ratio is combined For known influence on *Return On Equity*, the second ratio that is *Debt to Equity Ratio*, and *Debt Assets Ratio* do not have enough or No significant influence and Still has Lots ratios Which other No in the study This moreinfluence *Return On Equity*. Study This is supported by (Kurniawan, 2016) mentioning in his research that in a manner simultaneously the DAR and DER variables affect positive and significant ROE in Property Companies And Real Estate On the Indonesian Stock Exchange.

5. CONCLUSION

Based on the discussion that has been written in the previous section, the following conclusions can be drawn: influence of DAR on ROE obtained 2.505 > 2.001. And have a number significant of 0.006 <0.05. the effect of DER on ROE obtained 2,472 > 2,001. And have a number significance of 0.002 <0.05. Based on the results the can *Debt to equity ratio* is influential positive and significant to *return on equity.* kindly simultaneous is known mark F_{count} of 8.402 > F_{table} 3.15 with significant 0.005 <0.05 then H_an accepted. It means there is influence That is positive and significant in a manner together from whole variable free *Debt to Asset Ratio* and *Debt to Equity Ratio* to variable bound *return on equity*.

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