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Effect Of Liquidity Ratio, Solvency, Activity, And Provability On The Company's Financial Performance (Empirical Study On Food And Beverage Industry Listed On Indonesia Stock Exchange Period 2020-2022)

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Article Info	ABSTRACT
Keywords: liquidity, solvency, activity, profitability, financial performance	Abstrak: Financial performance is a process that must be done by the company because financial problems are one of the main issues concerning the survival of the company, therefore it is necessary to hold a professional handling in every operational activity to anticipate the occurrence of excess or shortage of funds that will lead to bankruptcy. This study is a quantitative study that aims to analyze the effect of liquidity ratios, solvency, activity, and profitability on the company's financial performance. The population of this study is food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022. By using purposive sampling method then found 70 companies as a sample. The analytical methods used in this study are descriptive statistical analysis, classical assumption test, and multiple linear analysis. The results of this study indicate that the ratio of liquidity, activity, and profitability affect financial performance, while the solvency ratio does not affect financial performance.
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INTRODUCTION

The financial performance of the Company presents information regarding the collection of funds or the distribution of funds carried out by the company. The financial performance of the company describes the financial condition of the company in a certain period. Assessment of the company's financial performance is useful to present information that can be used as a basis for decision-making for internal and external parties. Every profit and non-profit organization must have a vision, mission, and goals. Financial statements can be used to determine whether the company has achieved its goals or not.

Financial performance is a description of the achievement of the company's success which can be interpreted as the results that have been obtained for various activities that have been carried out. Explained that financial performance is an analysis carried out to see the extent to which the company has carried out its activities by using the rules of financial implementation properly and correctly. A manufacturing company is a company with a large production scale and has a large sales volume and requires large capital or funds to develop its production so that it will affect the capital or funding structure of a company. The manufacturing sector also absorbs the most labor and is an important sector in driving the country's economic growth.

The food and beverage industry is one of the business sectors that continues to grow. As the population growth in Indonesia increases, the number of needs for food and beverages continues to increase. Along with the increasing needs of the people of Indonesia to the necessities of life, such as food and drinks ready to eat, causing many new companies to emerge in this sector. The food and beverage industry in Indonesia listed on the Indonesia Stock Exchange has positive expectations in its development. Supported also by the increasing number of Indonesian population. This makes the purchasing power and awareness to consume nutritious products is increasing. The food and beverage industry sector provides one of the largest contributions to the gross domestic product (GDP) of the Republic of Indonesia.

The results of previous research related to liquidity ratios according to (Rahmanda et al., 2022) which are projected as (CR) stimulantly and partially have a positive and significant effect on financial performance (ROA) while research conducted by (Rahman & Suselo, 2022) projected liquidity ratios as (CR) partially do not affect financial performance.

The results of previous studies related to solvency ratios according to (Rahmanda et al., 2022) which are projected as (DTA) stimulantly and partially have a positive and significant effect on financial performance (ROA) while research conducted which is projected as (DER) has a negative and insignificant effect on financial performance.

The results of previous studies related to activity ratios according to research conducted by (Rahmanda et al., 2022) projected as (FAT) stimulantly and partially have a positive and significant effect on financial performance (ROA) while research conducted by (Widiyawati et al., 2021) projected activity ratios as (TAT) do not simultaneously affect financial performance.

The results of previous studies related to profitability ratios according to research conducted by (Rahmanda et al., 2022) which was projected as (GPM) simultaneously had a positive and significant effect on financial performance (ROA) but partially did not significantly affect financial performance (ROA) while research conducted by (Astutik et al., 2019) which was projected as (ROE) did not significantly affect financial performance.

Research conducted by (Astutik et al., 2019; Rahman & Suselo, 2022; Rahmanda et al., 2022; Widiyawati et al., 2021) showed varied results so that this study is considered to be still inconsistent and differences in the scope of the research object, it is necessary to conduct further research on the influence of liquidity ratios, solvency, activity, and profitability on financial performance in food and beverage industry manufacturing companies for the period 2020-2022.

Based on the above background, the authors conducted a study entitled "The effect of liquidity ratios, solvency, activity, and profitability on the company'S financial performance (Empirical Study on the Food and beverage industry listed on the Indonesia Stock Exchange for the period 2020-2022)".

Based on the background described above, the formulation of the problem in this study is how the influence of liquidity ratios, solvency ratios, activity ratios, profitability ratios on the company's financial performance in the food and beverage industry on the Indonesia Stock Exchange for the period 2020-2022. The purpose of this study is to determine and analyze the effect of liquidity ratios, solvency ratios, activity ratios, profitability ratios on the company's financial performance in the food and beverage industry on the Indonesia Stock Exchange for the period 2020-2022.

This research is expected to add insight into the development of the influence of Liability ratios, solvency, activity, and profitability on the company's financial performance in the Food and beverage industry listed on the Indonesia Stock Exchange (IDX) for the period 2020-2022, can provide additional literature related to the development of liquidity ratios, solvency, activity, and profitability on the company's financial performance, this research can be used by companies in identifying problems in the company's financial performance and determine strategies to improve the company's financial performance so as to gain the trust of stakeholders, investors and the public, and this research can be used as input as a consideration for strategy and decision making to cooperate or invest.

Literature Review

Agency Theory

According to (Santoso in Ningsih et al., 2023), agency theory is a theoretical foundation that underlies the implementation of companies that have been used for a long time. The main principle of this theory is that there is an obligation link in the form of a cooperation agreement between investors as principal clients and managers as agency clients. Agency theory stems from a variety of interests, as a result of which each field moves to increase its own interests. When these parties act for their own benefit, there is a conflict between them and their gene funds, according to (Wolk in Ningsih et al., 2023), agency theory shows that conflicts arise causing agency burdens, following in turn providing encouragement to reduce them.

The relationship between agency theory and this research is that owners and managers need to improve or find a way out to improve the financial performance of the company and achieved its objectives. Cooperation between the owner and the administration to understand how the financial performance of a company. Allows both sides to feel the results of achieving the expected financial performance or take provisions against their authority if any good performance is not achieved or if the company's performance goals are not achieved. The more the profit, the more the profit burden, the distributor is calculated successfully, and the higher the performance, the higher the incentive.

Effect Of Liquidity Ratios On Financial Performance

Liquidity ratio is a ratio that is used as an indicator to describe the position of the company's ability to pay or pay off short-term debt that will soon mature using current assets. According to (Rahman & Suselo, 2022) states that a company that shows a high current ratio result indicates that the company is able to pay all of its short-term obligations in a timely manner. This statement is in line with previous research conducted by (Rahmanda et al., 2022), showing that the projected liquidity ratio as CR (carrier Ratio) affects financial performance (ROA), which means that the higher the company's ability to pay its short-term obligations, the higher the company's ability to make a profit. Based on these studies, the hypothesis for this study is: H1: Alleged that liquidity ratios affect financial performance

Effect Of Solvency Ratio On Financial Performance

According to (Kasmir, 2014), the solvency ratio or leverage ratio is a ratio used to measure how far the company's assets are financed by debt. This ratio measures a company's ability to meet its long-term obligations, (Hanafi, 2014). Solvency ratio is a ratio used to measure how the total assets funded from creditors. The higher the solvency ratio means the company is trusted to use the source of funds from creditors. Several studies have been conducted on solvency ratios related to financial performance and this statement is in line with previous research conducted by (Rahman & Suselo, 2022) showing that the solvency ratio projected as DTA (Debt to Total Assets) affects financial performance (ROA). Based on these studies, the hypothesis for this study is: H2: It is suspected that the solvency ratio has an effect on financial performance.

Effect Of Activity Ratio On Financial Performance

The activity ratio is a ratio that measures the ability of a company's management to manage and utilize all of its assets to increase sales. According to (Hanafi, 2013), the higher the total asset turnover rate, the more effective the company is in managing its assets. This ratio measures the asset turnover capacity of an industry, the greater the turnover rate that the greater the likelihood that the industry is in trouble. The increase in the company's net profit will certainly affect the company's performance. This statement is in line with research conducted by (Rahman & Suselo, 2022) showing that the projected activity ratio as TAT (Total asset Turnover) has an effect on financial performance (ROA). Based on these studies, the hypothesis for this study is: H3: Suspected that the ratio of activity effect on financial performance.

Effect Of Profitability Ratio On Financial Performance

Profitability ratio is a measure of profit by comparing Profit after interest and tax compared to sales, (Kasmir, 2017). This ratio shows the company's net income on sales. The higher the profitability ratio achieved by the company to its net sales shows the more effective the ratio of the company in generating net profit. The financial performance of the company is a description of the achievement of corporate success which can be interpreted as the results that have been achieved on a variety of activities that have been carried out, (Fahmi, 2012). Profitability ratios can affect the financial performance of a company if the higher the net income, the better the company to generate profits, so the better financial performance. According to (Suwardi in Ningsih et al., 2023), a good company has a high profitability ratio and is positive in obtaining profits to achieve the success and welfare of the company. Due to the high profitability of the company, the financial statements show the good value of the company. This statement is in line with research conducted showing that the projected profitability ratio as NPM (Net Profit Margin) has an effect on financial performance (ROA). Based on these studies, the hypothesis for this study is: H4: Alleged that the profitability ratio effect on financial performance.

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METHODS

The type of research used in this study is quantitative research. Population in quantitative research is defined as a generalization area consisting of: objects or subjects that have certain qualities and characteristics set by the researcher to be studied and then drawn conclusions. The population used in this study is all food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange for the period 2020-2022. In this study the authors used a saturated sampling method, in which all members of the population used as a sample.

The source of data used in this study is secondary data. Secondary Data is obtained from the annual financial statements of food and beverage industry companies that have been published and listed on the Indonesia Stock Exchange for the period 2020-2022. The Data obtained in the framework of hypothesis testing in the form of secondary data obtained from the results of tracing the annual financial reports listed on the Indonesia Stock Exchange in 2020-2022 are https://www.idx.co.id or website pages belonging to the company concerned. Descriptive statistical analysis is a method of data analysis by converting raw data into a form that is easier to understand and interpret which includes several kinds. This analysis is used to determine the influence of independent variables in the form of Current Ratio, Debt to Total Assets, Total Assets Turnover, and Net Profit Margin on financial performance. This study used the feasibility test of data that is a classic assumption test consisting of normality test, multicolonarity test, heteroscedasticity test, and autocorrelation test in the early stages of data analysis. The next step is to perform multiple linear regression analysis.

The samples used in this study were food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange for the period 2020-2022. Sample selection in this study will use purposive sampling with the following criteria:

1. Food and beverage companies that consistently publish annual financial statements are listed on the IDX in 2020-2022.
2. Food and beverage companies that issue annual financial statements denominated in rupiah.
3. Food and beverage companies that present data related to research variables during the period 2020-2022.

Table 1. Variable Measurement

Variable	Indicator	Referencessources
	Dependent Variable	
Financial Performance	ROA = $\frac{\text{Laba Setelah Pajak}}{\text{Total Assets}}$	(Kusumawati, 2018)
	Variabel Independen	
Liquidity Ratio	CR = $\frac{\text{Current Assets}}{\text{Short−term Liabilities}}$	(Kusumawati, 2018)
Solvency Ratio	DTA = $\frac{\text{Total Liabilities}}{\text{Total Assets}}$	(Kusumawati, 2018)
Activity Ratio	TAT = $\frac{\text{Sales}}{\text{Total Assets}}$	(Kusumawati, 2018)
Profitability Ratio	NPM = $\frac{\text{Profit After Tax}}{\text{Sales}}$	(Kusumawati, 2018)

Table 2. Sample Calculation

No	Criteria	Total
	The study population used by all food and beverage industrial manufacturing companies registered on the IDX in 2020-2022.	29
1	Food and beverage companies that publish inconsistent annual financial statements listed on the IDX in 2020-2022.	(0)
2	Food and beverage companies that issue annual financial statements not denominated in rupiah.	(1)
3	Food and beverage companies that present data that are not related to research variables during the period 2020-2022.	(0)
Research Sample		28
Years Of Research		3
Total Research Sample		84
Outlier Data		(14)
Number of research samples processed		70

RESULTS

Table 3. Descriptive Test Results

	N	Min	Max	Mean	Std. Dev
CR	70	0	4,85	1,71189	1,02594
DTA	70	0,05	0,96	0,4591	0,1948
TAT	70	0,02	1,95	0,9119	0,41989
NPM	70	-0,18	0,33	0,0789	0,10521
ROA	70	-0,15	0,27	0,0617	0,08258

Source: SPSS output, 2024

Based on the test table above presents the results of descriptive statistics where the results show the number of samples (N) as much as 70. From these data it can be seen that the vaiabel independent Current Ratio (CR) has a minimum value of 0.00 derived from PT. Delta Djakarta Tbk (DLTA) in 2021 and 2022 and a maximum value of 4.85 from PT. Sianar Top Tbk (STTP) in 2022 with a mean value of 1.71189 this describes the level of manufacturing companies in producing A Current Ratio of 1.711% and a standard deviation of 1.02594 this shows that research data has a high level of variation in research data because the mean value is greater than the standard deviation.

The results of descriptive analysis of the independent variable Debt to Total Assets (DTA) can be seen that the minimum value of 0.05 comes from PT. Morenzo Abadi Perkasa Tbk (ENZO) in 2022 and a maximum value of 0.96 comes from PT. Pratama Abadi Nusa Industri Tbk (PANI) with a mean value of 0.4591 this describes the level of manufacturing companies in generating Debt to Total Assets of 0.459% and a standard deviation of 1.02594 it shows the research data has a low level of variation in research data because the mean value is smaller than the standard deviation.

Independent variable Total asset Turnover (TAT). The results of descriptive statistical analysis can be seen that the minimum value of 0.02 derived from PT. Pratama Abadi Nusa Industri Tbk (PANI) in 2021 and a maximum value of 1.95 derived from PT. Sekar Bumi Tbk (SKBM) in 2021 with a mean value of 0.9119 this describes the level of manufacturing companies in producing Total assets Turnover of 0.912% and a standard deviation of 0.41989 this shows that research data has a high level of variation in research data because the mean value is greater than the standard deviation.

Independent variable Net Profit Margin (NPM). The results of descriptive statistical analysis can be seen that the minimum value of (-0.18) derived from PT. Sentra Food Indonesia Tbk (FOOD) in 2020 and a maximum value of 0.33 from PT. Pratama Abadi Nusa Industri Tbk (PANI) in 2022 with a mean value of 0.0789 this describes the level of manufacturing companies in generating a Net Profit Margin of 0.079% and a standard deviation of 0.10521 this shows that research data has a low level of variation in research data because the mean value is smaller than the standard deviation.

The dependent variable of financial performance measured by using Return on assets (ROA). From the results of descriptive statistical analysis can be seen that the minimum value of (-0.15) derived from PT. Sentra Food Indonesia Tbk (FOOD) in 2020 and a maximum value of 0.27 from PT. Multi Bintang Indonesia Tbk (MLBI) in 2022 with a mean value of 0.0617 this describes the level of manufacturing companies in generating a Return on assets of 0.062% and a standard deviation of 0.08258 this shows that research data has a low level of variation in research data because the mean value is smaller than the standard deviation.

Table 4. Normality Test Results

	Monte Carlo Sig (2-tailed)	Description
One-Sample Kolmogorov-Monte Carlo Test	0,325	Normal

Source: SPSS output, 2024

On the output of SPSS Kolmogorov-Monte Carlo One-Sample test shows that the value of GIS. (2-tailed) amounted to 0.325. This means that the value of GIS. (2-tailed) > 0.05 (significance level). So it can be concluded that the research data are distributed normally.

Table 5. Multicollinearity Test Results

Variable	Collinearity Statistic		Description
	Tolerance	VIF	
CR	0,658	1,519	There Is No Multicollinearity
DTA	0,569	1,759	There Is No Multicollinearity
TAT	0,862	1,16	There Is No Multicollinearity
NPM	0,723	1,384	There Is No Multicollinearity

Source: SPSS output, 2024

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Based on the results of the SPSS test output Tolerance and VIF showed that the value of Tolerance and VIF of all independent variables showed a Tolerance value of 0.10 and the value of VIF 10 which means that there is no multicollinearity between the independent variables in the regression model.

Table 6. Heterocedasticity Test Results

Variable	Sig	Description
CR	0,619	There Is No Heteroscedasticity
DTA	0,340	There Is No Heteroscedasticity
TAT	0,371	There Is No Heteroscedasticity
NPM	0,311	There Is No Heteroscedasticity

Source: SPSS output, 2024

At the output of SPSS Sperman-Rho test shows that all variables have a GIS value. (2-tailed) > 0.05 which means that in the regression model does not occur heterokedasticity.

Table 7. Autocorrelation Test Results

R	R Square	Adjusted R Square	Std. Eror of the Estimate	Durbin-Watson	Description
0,924	0,853	0,844	0,03257	1,875	No autocorrelation occurs

Source: SPSS output, 2024

In the SPSS output Durbin Watson test shows that the value of DW is 1.875 greater than the limit (du) is 1.7351 and less than (4-du) = 2.2649, then 1.7351 < 1.875 < 2.2649. This means that in the test there is no autocorrelation. So it can be concluded that there is no autocorrelation in the regression model.

Table 8. Determinant Coefficient Test Results

Summary			
R	R Square	Adjusted R Square	STD. Error of Estimate
0,924	0,853	0,844	0,03257

Source: SPSS output, 2024

Based on the table above menunujukan Adjusted R Square value of 0.853. This means that the variables Current Ratio (X1_CR), Debt to Total Assets (X2_DTA), Total Assets Turnover (X3_TAT), and Net Profit Margin (X4_NPM) simultaneously (together) affect the Variable Return on assets (Y_ROA) by 84.4% while the remaining 15.6% (100% - 84.4%) are influenced by other variables outside the regression equation.

Table 9. F Test Results

ANOVA			
	F	Sig.	Description
Regression	94,659	0,000	Influential Research Models

Source: SPSS output, 2024

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Based on the table above shows the significance of the F test results of 0.000. This means that the significance value < 0.05. So it can be concluded that the value of the variable Current Ratio (X1_CR), Debt to Total Assets (X2_DTA), Total Assets Turnover (X3_TAT), and Net Profit Margin (X4_NPM) simultaneously (together) affect the variable financial performance (ROA). This shows that the influential research model.

Table 10. T Test Results

Coefficients					
	Unstandardized Coefficients	t Hitung	t Tabel	Sig.	Description
	B				
(Constant)	-0,048	-2,205		0,031	
CR	0,013	2,819	1,668	0,006	H1 accepted
DTA	-0,011	-0,414	1,668	0,680	H2 rejected
TAT	0,042	4,135	1,668	0,00	H3 accepted
NPM	0,684	15,608	1,668	0,00	H4 accepted
Dependen Variabel: Y_ROA					

Source: SPSS output, 2024

The following is a regression model of T test results in Table 10:

Financial Performance= -0,048 + 0,013 CR - 0,011 DTA + 0,042 TAT + 0,684 NPM + *e*

Financial performance is a dependent variable that is proxied as ROA. The independent variables are proxied as CR, DTA, TAT, and NPM. Interpretation of each variable, as follows: Constant value of (-0.048) means that if the CR, DTA, TAT, and NPM are in a constant state (0) then the value of financial performance is 0.048, the coefficient of CR (③1) is 0.013 means that every increase in one unit of Current Ratio, there is an increase in financial performance of 0.013%, the coefficient of DTA (③2) is negative (-0.011) %, The coefficient of TAT (③3) is worth 0.042, which means that every increase in one unit of Total asset Turnover, there is an increase in financial performance of 0.042%, the coefficient of NPM (③4) is worth 0.684, which means that every increase in one unit of Net Profit Margin, there is an increase in financial performance of 0.684%.

The table above shows that the variable Current Ratio (CR) has a calculated t value of 2.819 greater than T table 1.668 or 2.819 > 1.668 with a significance level of 0.006 which means smaller than < 0.05 or 0.006 < 0.05, then H1 is accepted meaning that the current Ratio has a partial significant influence on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

The variable Debt to Total Assets (DTA) has a value of t (-0.414) smaller than T table 1.668 or (-0.414) < 1.668 with a significance level of 0.680 or greater than 0.05 or 0.680 > 0.05, then H2 is rejected meaning that partially Debt to Total Assets does not have a significant effect on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

Variable Total Assets Turnover (TAT) has a value of t 4.135 greater than T table 1.668 or 4.135 > 1.668 with a significance level of 0.000 or less than 0.05 or 0.000 < 0.05, then H3 is accepted, meaning that partially Total Assets Turnover has a significant effect on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

Variable Net Profit Margin (NPM) has a value of t 15.608 greater than T table 1.668 or 15.608 > 1.668 with a significance level of 0.000 or less than 0.05 or 0.000 < 0.05, then H4 is accepted meaning that partially Net Profit Margin has a significant effect on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock.

Discussion

Effect Of Liquidity Ratios On Financial Performance

The test results show that the projected liquidity ratio with Current Ratio (CR) has a significant effect on the projected financial performance with Return on Assets (ROA) in food and beverage companies listed on the IDX in 2020-2022. This result is proved by the value of t count 2.819 greater than T table 1.668 or 2.819 > 1.668 with significance 0.006 or less than 0.05 or 0.006 < 0.05, therefore H1 is accepted. This means that the partial Current Ratio has a significant influence on the company's financial performance in food and beverage industrial manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

The greater the Current Ratio (CR) means the company's ability to pay interest the better, because CR is a ratio to measure the company's ability to pay short-term obligations or debts that are immediately due when collected as a whole. The results of this study are in line with research conducted by (Rahmanda et al., 2022) stating that the liquidity ratio measured using the Current Ratio (CR) has a positive effect on the company's financial performance as measured by Return on Assets (ROA). However, this study is not in line with research conducted by (Rahman & Suselo, 2022) which states that the Current Ratio (CR) has no effect on the company's financial performance as measured by Return on Assets (ROA).

Effect Of Solvency Ratio On Financial Performance

The test results showed that the projected solvency ratio with Debt to Total Assets (DTA) had no effect on the projected financial performance with Return on Assets (ROA) in food and beverage companies listed on the IDX in 2020-2022. This result is proved by the value of t count (-0.414) is smaller than T table 1.668 or (-0.414) < 1.668 with significance 0.680 or greater than 0.05 or 0.680 > 0.05, therefore H2 is rejected. This means that partially Debt to Total Assets does not have a significant effect on the company's financial

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performance in food and beverage industrial manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

The higher the level of solvency, it can be concluded that the company's debt is higher than its assets so that it will have an impact on the cost of interest on loans and the amount of default risk that will cause a decrease in the company's net profit. The results of this study are in line with research conducted by (Meilisa et al., 2023) which states that solvency as measured by Debt to Total Assets (DTA) partially has no effect on (ROA). However, this study is not in line with research conducted which states that Debt to Total Assets (DTA) has no effect on the company's financial performance as measured by Return on Assets (ROA).

Effect Of Activity Ratio On Financial Performance

The test results show that the ratio of projected activity to Total asset Turnover (TAT) has a significant effect on the financial performance projected to Return on Assets (ROA) in food and beverage companies listed on the IDX in 2020-2022. This result is proved by the value of t count 4.135 greater than T table 1.668 or 4.135 > 1.668 with significance 0.000 or less than 0.05 or 0.000 < 0.05, therefore H3 is accepted. This means that partial Total asset Turnover has a significant influence on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

This ratio is used to measure all assets owned by the company and measure how many sales are obtained from each asset so that it indicates that the higher the Total assets Turnover (TAT) asset turnover rate, the more effective the company is in managing its assets and the more efficient the use of assets in generating sales.

The results of this study are in line with research conducted by (Rahman & Suselo, 2022) which states that the ratio of activities measured by Total Assets Turnover (TAT) affects financial performance measured by Return on assets (ROA). However, this study is not in line with research conducted by (Widiyawati et al., 2021) which states that Total Assets Turnover (TAT)has no effect on the company's financial performance as measured by Return on Assets (ROA).

Effect Of Profitability Ratio On Financial Performance

The test results show that the projected profitability ratio with Net Profit Margin (NPM) affects the projected financial performance with Return on Assets (ROA) in food and beverage companies listed on the IDX in 2020-2022. This result is proved by the value of t count 15.608 greater than T table 1.668 or 15.608 > 1.668 with significance 0.000 or less than 0.05 or 0.000 < 0.05, therefore H4 is accepted. This means that partially Net Profit Margin has a significant effect on the company's financial performance in food and beverage industry manufacturing companies listed on the Indonesia Stock Exchange in 2020-2022.

This shows the company's ability to generate increased after-tax profits, which means the company's financial labor costs are getting better as a result of those profits. The higher the Net Profit Margin (NPM), the better the company's ability to make a profit. The results of this study are in line with research conducted which states that Net Profit Margin (NPM) affects Return on assets (ROA). However, this study is not in line with research conducted by

(Rahmanda et al., 2022) which states that Net Profit Margin (NPM) has no effect on the company's financial performance as measured by Return on Assets (ROA).

CONCLUSION

Based on the results of analysis and development, it can be concluded that the liquidity ratio measured by the Current Ratio (CR) has a significant effect on financial performance, then H1 is stated. The solvency ratio measured by Debt to Total Assets (DTA) has no significant effect on financial performance, so H2 is rejected. The ratio of assets measured by Total Asset Turnover (TAT) has a significant effect on financial performance, then H3 is calculated. Profitability ratio measured by Net Profit Margin (NPM) has a significant effect on financial performance, then H4 is calculated. As for some suggestions that can be considered for further research, namely further research can use sub-sector companies that are more varied because there are still many sub-sectors that can be developed outside this study so that the results can be compared and further research can increase the number of variables, for example using variables Debt to Assets Ratio (DAR), Debt to Equity Ratio (DER), inventory turnover (InvTO), return on equity (ROE), fixed asset turnover (FAT).

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