THE INFLUENCE OF CURRENT RATIO AND TOTAL ASSETS TURNOVER ON RETURN ON EQUITY IN COMPANIES FOOD AND BEVERAGE ARE REGISTERED IN THE EXCHANGE INDONESIA EFFECTS (IDX) PERIOD 2013-2017

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ABSTRACT

This study aims to determine the effect of Current Ratio and Total Assets Turnover partially and simultaneously on Returns on Equity in Food and Beverage companies listed on the Indonesia Stock Exchange (IDX). The population used in this study is Food and Beverage companies listed on the Indonesia Stock Exchange during 2013-2017. The total population is 15 companies. Based on sampling characteristics, the companies that are the samples in this study are 8 out of 15 companies. Food and Beverage is registered on the Indonesia Stock Exchange during 2013 to 2017. The approach used in this study is an associative approach. In this study the type of data used is secondary data published in the Indonesia Stock Exchange (IDX). For data collection used documentation techniques. Documentation is a technique of data collection by the way the writer searches for data needed by the author, namely financial statements listed on the Indonesia Stock Exchange (IDX) from there in the period 2013 to 2017. Data analysis techniques used are regression multiple linear, classical assumption test, t test, F test and coefficient of determination. There is a significant effect of Current Ratio (CR) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange. There is no significant effect of Total Asset Turnover (TATO) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange. There is a significant influence of Current Ratio (CR) and Total Asset Turnover (TATO) together on Return On Equity (ROE) in Food and Beverage Companies listed on the IDX.

Keywords: Current Ratio, Total Assets Turnover and Return On Equity

INTRODUCTION

The Food and Beverage industry sector is one of the business sectors that continues to experience growth. As population growth in Indonesia increases, the volume of needs for Food and Beverage continues to increase. The tendency of Indonesian people to enjoy Ready to eat food has caused many companies to emerge in the food and beverage sector. Therefore competition between companies is getting stronger. With this increasingly strong competition requires companies to strengthen the fundamentals so that companies can compete with other similar companies. When a company is unable to compete with a global company it will cause a decrease in the volume of the company so that the company will experience bankruptcy. (Hery, 2018, p. 21) The purpose of the company is to maximize profits. To obtain maximum profit as targeted, good management is needed, improving product quality and quality human resources. Profit can be achieved by selling goods or services. The greater the sales volume, the greater the profit generated by the company. There are several measurements of company profits where each measurement is related to sales volume, total assets and own capital. Overall these three measurements will allow an analysis to evaluate the level of income with relation to the volume of sales, the amount of assets and certain investments of the owner of the company. (Hery, 2018, p. 45) Thus sales
play an active role in terms of the profitability of a company, if sales increase, the
profits obtained will be large, on the contrary if the sales decrease the profit will be
small. So that in this case the size of income can be measured by the high and low sales,
while for company assets if the company wants to obtain maximum profits, the
company must be able to use assets optimally so it is not difficult to obtain the desired
profit. And if the company can get maximum profits, investors will easily invest funds
to support the company's operations to achieve profits that will continue to increase
consistently.
Profitability is the ability of a company to earn profits in relation to sales,
total assets and own capital. According to Kasmir (2015, p. 196) "Profitability Ratios
are" Ratios to assess a company's ability to seek profits."There are several measuring
instruments used to measure the level of profitability, including: Return On Assets
(ROA), Return On Equity (ROE), Net Profit Margin (NPM), Gross Profit Margin
(GPM). In this study profitability will be measured using Return On Equity. According
to Hani (2015, p. 120), Return On Equity is "Showing the ability of equity (generally
ordinary shares) owned by the company to generate profits". High profitability will be
able to support operational activities optimally. High and low profitability is influenced
by many factors such as working capital. In carrying out its operational activities each
company will need resources, one of which is capital, both working capital such as cash,
accounts receivable, inventory and fixed capital such as fixed assets. According to
Kasmir (2015, p. 204), "the higher the return on equity, the better. This means that the
position of the company owner is getting stronger, and vice versa. "In this case the
decline in Return on Equity is caused by the increase in working capital. The subjects
in this study were Food and Beverage companies listed on the Indonesia Stock
Exchange (IDX). The value of Return On Equity (ROE) shows the ability of the
company to generate profit after tax by using the company's own capital.

RESEARCH METHODS

The research approach used in this study is to use an associative approach.
Associative approach is research conducted to find the relationship between one
variable with other variables. By using this research the author can find several theories
that can provide explanations, estimates and control of a symptom. While the type of
data used is quantitative, which is in the form of numbers using formal, standard and
measuring instruments.

RESULTS AND DISCUSSION

There is a significant effect of Current Ratio (CR) on Return On Equity (ROE) in
Food and Beverage companies listed on the Indonesia Stock Exchange. There is no
significant effect of Total Asset Turnover (TATO) on Return On Equity (ROE) in Food
and Beverage companies listed on the Indonesia Stock Exchange. There is a significant
fluence of Current Ratio (CR) and Total Asset Turnover (TATO) together on Return
On Equity (ROE) in Food and Beverage Companies listed on the IDX.

D. DISCUSSION

1. The influence of Current Ratio against the Return On Equity

Based on the results of the research obtained regarding the Effect of Current Ratio and Total
Asset Turnover (TATO) on Return On Equity (ROE) in Food and Beverage companies
listed on the Indonesia Stock Exchange. Partial hypothesis test results show that Current
Ratio of Return On Equity obtained tcount for Current Ratios variable of 3.355 while t
table is 2.002 or tcount> t table (3.355> 2.002) and has a significant number of 0.002
<0.05 means Ha is accepted (Ho is rejected). The results of this study do not support the debt
ratio theory which states that if the Debt To Equity Ratio rises, the Return On Equity
value also increases. According to Hani (2014, p. 76) Debt To Equity Ratio shows how much part of each of its own capital is used as collateral for its overall debt. The higher this ratio means the higher the amount of outside funds that must be guaranteed by the amount of own capital. This research is not in line with the theory put forward by John, et al (2010, p. 74) stating that the actual ROE and asset turnover are interrelated, specifically if the amount of fixed expenses is high, higher asset turnover increases ROE. This is caused by the distance of certain activities, the proportion of the increase in the smaller cost of sales. The research conducted by Indah, et al (2018) concluded that "Current Ratio has a positive and significant effect on Return On Equity". Hantono (2015) concluded that: "Partially the Current Ratio has a significant effect on return on equity in metal sub-sector manufacturing companies and the like that are listed on the Indonesia Stock Exchange for the period 2009-2013. Alpi (2018) concluded that: "Current Ratio has a significant influence on Return On Equity". Herlina and Winingsih (2016) concluded that: "Current Risk has a significant effect on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange (IDX) for the period 2011-2015". Based on the results of the research conducted by the author, as well as opinions, theories and previous research above regarding the effect of Current Ratio (CR) on Return On Equity (ROE), this is because the years used in research are less than optimal, the companies studied are different, hypothetical is not supported by empirical data and several other factors, the authors can conclude that there is a significant effect on Current Ratio (CR) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2013-2017. Ratio (CR) will result in an increase in Return On Equity (ROE) and vice versa. 2. The influence of Total Asset Turnover against the Return On Equity. Based on the results of the research obtained regarding the effect of Total Asset Turnover (TATO) on Return on Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange in the period 2013-2017. This study rejects the results of research conducted by Pongrangga, et al. (2015) concluded that: "Total Asset Turnover (TATO) is stated partially to have a significant effect on Return On Equity (ROE), Study on Property and Real Estate Sub-Sector Companies Registered on the Stock Exchange for the period 2011-2014". Moeljadi (2017) concluded that: "partially the Total Asset Turn Over variable influences and is significant towards Return On Equity in mining companies listed on the Stock Exchange in 2011-2014". Puteh (2013) concluded that: "Total Assets Turnover has a significant effect on Return On Equity in Banking listed on the Indonesia Stock Exchange". Mukaromah (2017) concluded that: "Total Asset Turn Over partially has a significant effect on Return On Equity in manufacturing companies listed on the Indonesia Stock Exchange". Kartikaningsih (2013) concluded that: "partially the Total assets turnover variable shows a significant positive effect on Return On Equity in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2009-2011". Based on the results of the research conducted by the author, as well as opinions, theories and previous research above regarding the effect of Total Asset Turnover (TATO) on Return on Equity (ROE), this is because the years used in research are less than optimal, the companies studied are different, hypothetical is not supported by empirical data and several other factors, the authors can conclude that there is no
significant effect on Total Asset Turnover (TATO) on Return on Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2013-2017. This means that the increase and decrease in Total Asset Turnover (TATO) does not have a direct impact on Return on Equity (ROE).

2. The influence of Current Ratio and Total Asset Turnover against the Return On Equity Based on the results of research obtained on the Effect of Current Ratio and Total Asset Turnover (TATO) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange. From the ANOVA (Analysis of Variance) test, it can be seen that the calculated F value is 6.136 with a significant 0.005. Value of Fcount (6.136) > Ftable (3.16), and significant value (0.005) < of probability value (0.05). This shows that Ha is accepted and (Ho is rejected). This shows that simultaneously (together) there is a significant influence between Current Ratio (CR) and Total Asset Turnover (TATO) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange. Based on the results of research conducted by the author as well as previous research above concerning the Effect of Current Ratio (CR) and Total Asset Turnover (TATO) on Return On Equity (ROE), this is because the years used in research are less than optimal, the companies studied differ, and some other factors, the authors can conclude that there is a significant effect on Current Ratio (CR) and Total Asset Turnover (TATO) together on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2013-2017.

CONCLUSION
1. There is a significant effect of Current Ratio (CR) on Return On Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange.
2. There is no significant effect of Total Asset Turnover (TATO) on Return on Equity (ROE) in Food and Beverage companies listed on the Indonesia Stock Exchange.
3. There is a significant influence of Current Ratio (CR) and Total Asset Turnover (TATO) together on Return On Equity (ROE) in Food and Beverage Companies listed on the IDX.

REFERENCES


