The Influence of Current Ratio and Debt to Asset Ratio on Return on Assets at PT Selaras Aditama

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ABSTRACT

This study aims to determine the effect of current ratio and debt to asset ratio on return on assets at PT Seelaras Aditama. The method used was explanatory research with a sample of 85 respondents. The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study current ratio have a significant effect on return on assets by 7.3%, the hypothesis test obtained a significance of 0,000 <0.05. Debt to asset ratio has a significant effect on return on assets of 55.1%, the hypothesis test obtained a significance of 0,000 <0.05. Current ratio and debt to asset ratio simultaneously have a significant effect on return on assets by 96.7%, hypothesis testing obtained significance of 0,000 <0.05.

Keywords: Current ratio; debt to asset ratio; return on asset

INTRODUCTION

In the era of globalization, competition in the business world is increasingly competitive (Ismail, Sulur, Akib, & Salam, 2016; Jamaluddin, Sari, Akib, Kasmita, & Tadampali, 2019; Niswaty, AM, Saleh, Baharuddin, & Arhas, 2019; Samsir, 2017). This has an impact on companies in Indonesia. Both companies in services, trade, and manufacturing. This has been proven by the many new businesses that are always popping up from small companies to large companies. And this will cause the level of competition between companies to become increasingly stringent. And every company must have the same goal which is to get the maximum profit or profit.

This advantage is also used by companies to maintain their business. To find out the success of a company's profits, a financial statement is needed (Hanum, 2017; Harahap, 2009). Financial statements are obtained to provide information about a company's finances (Annisya, Lindrianasari, & Asmaranti, 2016; Kasmir, 2014b; Munawir, 2010). The information contained in the financial statements will assist various parties in formulating or considering financial decision making. Financial statements as a benchmark of the success of management in operating the company for one year period (Hery, 2019, 2015; Horne, J.C. dan Wachowicz, 2007).

This financial statement analysis can assess the company's financial performance. The company's financial performance is needed to see the prospects or potential for the company's development in the future, especially in profitability (Bockholt, Hemdrup Kristensen, Colli, Meulengracht Jensen, & Vejrum Wæhrens, 2020; Chen, 2010; Tzouvanas, Kizys, Chatziantoniou, & Sagitova, 2019). Profitability is the company's ability to make a profit in

relation to sales, total assets, and own capital (Bouzgarrou, Jouida, & Louhichi, 2018; Pessarossi, Thevenon, & Weill, 2020; Sutrisno, 2013). The profitability of a company can be measured through Return On Assets (ROA). Return On Assets (ROA) is a measure of the effectiveness of management in managing its investments. In addition, the return on investment shows the productivity of all company funds, both loan capital, and own capital. The lower (smaller) the ratio is the less good, and vice versa. This means that this ratio is used to measure the effectiveness of the company's overall operations.

In addition to a company's profitability, liquidity ratios and solvency ratios are also important to measure (Rahma, A.M., Cipta, W., & Yudiaatmaja, 2016; Susianti, 2018; Susilawati, 2012). The liquidity ratio shows how the company can fulfill its obligations and finance all of its operations. The commonly used liquidity ratio is the Current Ratio (CR). Current Ratio (CR) is the most common measure used to determine the ability to meet short-term obligations because the ratio shows how far the demands of short-term creditors are met by assets that are estimated to be cash in the same period as the debt maturity (Brigham & Houston, 2011).

From the measurement results of the current Ratio, if the ratio is low, it can be said that the company is less capital to pay its obligations. However, if the ratio measurement results are high, it is not certain that the company's condition is good. This can happen because cash is not used as well as possible. To say the condition of a company is good in its current ratio, the comparison of current assets with its current liabilities must be in accordance with the standard ratio used.

In running its business, the company is involved with the name of debt. Debt is an obligation that must be paid by a company to another party within a certain period due to transactions that have occurred in the past. The amount of corporate debt is closely related to solvency. While the solvency ratio is a comparison between the amount of assets owned by the company with debts that must be borne.

Debt to Asset Ratio is a debt ratio that is used to measure the ratio between total debt to total assets. In other words, how much the company's assets are financed by debt or how much the company's debt affects the management of assets (Kasmir, 2014a).

METHOD

The type of research used is associative, where the aim is to find out the relationship between variables. The population in this study financial statements for 5 years PT. Seelaras Aditama. The sampling technique in this study is saturated sampling, where all members of the population are sampled. Thus the sample in this study was financial statements for 5 years. In analyzing the data used the instrument test, classical assumption test, regression, coefficient of determination and hypothesis testing.

RESULT AND DISCUSSION

Current Ratio (CR) and Debt to Asset Ratio (DAR) are factors that can affect Return on Assets (ROA) on company profits, especially in this study, PT. Seelaras Aditama.

Descriptive Analysis

In this test used to determine the minimum and maximum scores, mean scores and standard deviations of each variable. The results are as follows:

Table 1.
Descriptive Statistics Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
CR	5	47.0	86.4	63.754	17.0973
DAR	5	61.4	78.1	67.820	8.4780
ROA	5	1.0	2.6	1.642	.5817
Valid N (listwise)	5				

Descriptive Statistics

The current ratio obtained a minimum value of 47% and a maximum value of 86.4% with an average of 63.754% with a standard deviation of 17.0973%. Debt to asset ratio obtained a minimum value of 61.4% and a maximum value of 78.1% with a mean score of 67.820% with a standard deviation of 8.4780%. Return on assets obtained a minimum variance of 1.0% and a maximum value of 2.6% with an average of 1.642% with a standard deviation of 0.581%.

Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2.
Results of Multiple Linear Regression Testing

	Coefficients[a]				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	5.954	.623		9.563	.011
CR	.030	.006	.878	5.049	.037
DAR	.092	.012	1.336	7.687	.017

a. Dependent Variable: ROA

Based on the test results in the above table, the regression equation Y = 5.954 + 0.030X1 + 0.092X2 is obtained. A constant of 5.954 means that if there is no current ratio and debt to asset ratio, then there is a return on asset value of 5.954 points. Current ratio coefficient of 0.030, this number is positive, meaning that every time there is an increase in the current ratio of 0.030, the

return on assets will also increase by 0.030 points. Debt to asset ratio regression coefficient of 0.092, this number is positive meaning that every time there is an increase in debt to asset ratio of 0.092 then the return on assets will also increase by 0.092 points.

Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the degree of relationship strength of the independent variables on the dependent variable either partially or simultaneously. The test results are as follows:

Table 3.
Results of Current Ratio Correlation Coefficient Testing Against Return on Assets

Correlations[a]		CR	ROA
CR	Pearson Correlation	1	.027
	Sig. (2-tailed)		.966
ROA	Pearson Correlation	-.027	1
	Sig. (2-tailed)	.966	

a. Listwise N=5

Based on the test results obtained by a correlation value of 0.027 means that the current ratio has a very weak relationship to return on assets.

Table 4.
Test Results Correlation Coefficient Debt to Asset Ratio Against Return on Assets.

Correlations[a]		DAR	ROA
DAR	Pearson Correlation	1	.742
	Sig. (2-tailed)		.151
ROA	Pearson Correlation	-.742	1
	Sig. (2-tailed)	.151	

a. Listwise N=5

Based on the test results obtained a correlation value of 0.742 means that debt to asset ratio has a strong relationship with return on assets.

Table 5.
Test Results Correlation Coefficient Current Ratio and Debt to Asset Ratio Simultaneously Against Return on Assets.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984[a]	.967	.935	.1488

a. Predictors: (Constant), DAR, CR

Based on the test results obtained by the correlation value of 0.984 means that the current ratio and debt to asset ratio simultaneously have a very strong relationship to return on assets.

Analysis of the Coefficient of Determination

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable either partially or simultaneously. The test results are as follows:

Table 6.
Results of Current Ratio Determination Coefficient Tests on Return on Assets

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.027[a]	.073	.723	3.679

a. Predictors: (Constant), Current Ratio (X1)

Based on the test results obtained a determination value of 0.073 means that the current ratio has an influence contribution of 7.3% on return on assets.

Table 7.
Test Results Determination Coefficient Debt to Asset Ratio Against Return on Assets

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742[a]	.551	.478	3.576

a. Predictors: (Constant), Debt to Asset Ratio (X2)

Based on the test results obtained a determination value of 0.551 means that debt to asset ratio has an influence contribution of 55.1% to return on assets.

Table 8.
Test Results Determination Coefficient Current Ratio and Debt to Asset Ratio Against Return on Assets

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984[a]	.967	.935	.1488

a. Predictors: (Constant), DAR, CR

Based on the test results obtained a determination value of 0.967 means that the current ratio and debt to asset ratio simultaneously have an influence contribution of 96.7% to return on assets, while the remaining 3.3% is influenced by other factors.

Hypothesis Testing

Hypothesis testing with a t-test is used to find out which partial hypotheses are accepted.

Table 9.
Current Ratio Hypothesis Test Results Against Return on Assets.

<table>
<tr><td colspan="7" align="center">Coefficients[a]</td></tr>
<tr><td></td><td colspan="2">Unstandardized Coefficients</td><td>Standardized Coefficients</td><td></td><td></td></tr>
<tr><td>Model</td><td>B</td><td>Std. Error</td><td>Beta</td><td>t</td><td>Sig.</td></tr>
<tr><td>1   (Constant)</td><td>3.700</td><td>1.287</td><td></td><td>4.321</td><td>.000</td></tr>
<tr><td>   CR</td><td>.134</td><td>.020</td><td>.027</td><td>4.047</td><td>.000</td></tr>
</table>

a. Dependent Variable: ROA

Based on the test results in the above table, the value of $t_{count} > t_{table}$ or (4.047> 3.182) is obtained, thus the first hypothesis proposed that there is a significant influence between the current ratio on return on assets is accepted.

Table 10.
Debt to Asset Ratio Hypothesis Test Results Against Return on Assets

<table>
<tr><td colspan="7" align="center">Coefficients[a]</td></tr>
<tr><td></td><td colspan="2">Unstandardized Coefficients</td><td>Standardized Coefficients</td><td></td><td></td></tr>
<tr><td>Model</td><td>B</td><td>Std. Error</td><td>Beta</td><td>t</td><td>Sig.</td></tr>
<tr><td>1   (Constant)</td><td>5.093</td><td>1.813</td><td></td><td>2.809</td><td>.000</td></tr>
<tr><td>   DAR</td><td>.551</td><td>.027</td><td>.742</td><td>4.916</td><td>.000</td></tr>
</table>

a. Dependent Variable: ROA

Based on the test results in the above table, the value of $t_{count} > t_{table}$ or (4.918> 3.182) is obtained, thus the second hypothesis proposed that there is a significant influence between debt to asset ratio on return on assets is accepted.

Hypothesis testing with the F test is used to find out which simultaneous hypotheses are accepted.

Table 11.
Hypothesis Test Results Current Ratio and Debt to Asset Ratio Against Return on Assets.

<table>
<tr><td colspan="6" align="center">ANOVA[a]</td></tr>
<tr><td>Model</td><td>Sum of Squares</td><td>df</td><td>Mean Square</td><td>F</td><td>Sig.</td></tr>
<tr><td>1   Regression</td><td>1.309</td><td>2</td><td>.655</td><td>29.565</td><td>.033[b]</td></tr>
<tr><td>   Residual</td><td>.044</td><td>2</td><td>.022</td><td></td><td></td></tr>
<tr><td>   Total</td><td>1.353</td><td>4</td><td></td><td></td><td></td></tr>
</table>

a. Dependent Variable: ROA
b. Predictors: (Constant), DAR, CR

Based on the test results in the above table, the calculated $F_{count} > F_{table}$ or (29.565> 9.280), thus the third hypothesis proposed that there is a significant influence between the current ratio and Debt to Asset Ratio on Return on Assets is accepted.

CONCLUSION

Based on the results of the study found that, Current Ratio significant effect on Return on Assets with an influence contribution of 7.3%. Hypothesis testing obtained $t_{count} > t_{table}$ or (4.047> 3.182). Debt to Asset Ratio has a significant effect on Return on Assets with a contribution of 55.1%. Hypothesis testing obtained $t_{count} > t_{table}$ or (4.918> 3.182). Current Ratio and Debt to Asset Ratio have a significant effect on Return on Assets with a contribution of 96.7% while the remaining 3.3% is influenced by other factors. Hypothesis testing obtained by calculating the $F_{count} > F_{table}$ or (29.565> 9.280

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