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THE EFFECT OF QUICK RATIO DEBT TO RATIO AND FIXED ASSETS TURNOVER ON FINANCIAL PERFORMANCE IN THE FOOD AND BEVERAGE SUB SECTOR OF MANUFACTURING COMPANIES LISTED IN INDONESIAN STOCK EXCHANGE.

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ABSTRACT

The aims of this study were to anayzed the effect of Quick Ratio, Debt to Ratio, and Fixwd Assest Turnover on Financial Performance in the Food and Baverage Sub Sector of Manufacturing Companies Listed in Indonesian Stock Exchange. The sample in this study consisted of 20 companies into 54 financial reports and annual reports of 20 the food and beverage sub-sector of manufacturing companies listed in Indonesia Stock Exchange (IDX) in 2018-2020 using the purposive sampling method. The results of this study shows that the t-test calculation proves that partially Quick Ratio and Fixed Assets Turnover have no significant effect on Return On Assets, but for Debt to Equity Ratio partially have an effect on Return On Assets. The calculation of the F test results simultaneously proves that the Quick Ratio, Debt to Equity Ratio, and Fixed Assets Turnover have a significant effect on Return On Assets. The Coefficient of Determination test is known that the R square value is 0.328 or 32.8% which indicates that ROA can be explained by QR, DER and FATO while the remaining 67.2% is explained by other variables

Keynote : Quick Ratio, Debt to Equity, Fixed Assets Turnover, Retun On Asset

INTRODUCTION

Indonesia is a developed country that has industrial sectors, one of which is the food and beverage industry sector which has significant growth potential because it is supported by abundant natural resources and large domestic demand. Therefore, a number of producers increase investment and expand to meet market demand, both in domestic and export.

Manufacturing companies are one of the dominant sectors in Indonesia. The contribution to the Indonesian economy is very large, especially from the food and beverage sub-sector which has very good prospects and has the opportunity to grow and develop.

The company's performance appraisal requires relevant information related to the company's activities for a certain period of time to the interested parties. In assessing and measuring company performance, it must be balanced with good financial planning.

The company's financial condition can be seen from the company's financial statements. Based on the financial statements consisting of a balance sheet and income statement, an analysis will be carried out to obtain the results in the form of the company's financial performance. Then the results can be used as consideration in determining company policies.

There are several ways that can be used to analyze the company's financial condition, which uses ratios, among others, namely, liquidity ratio, activity ratio, leverage ratio, and profitability ratio.

FORMULATION OF THE PROBLEM

1. Do Quick Ratio (QR), Debt to Equity Ratio (DER) and Fixed Assets Turnover (FATO) have a partial effect on the financial performance of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX)?
2. Do Quick Ratio (QR), Debt to Equity Ratio (DER) and Fixed Asset Turnover (FATO) simultaneously affect the financial performance of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange (IDX)?

RESEARCH PURPOSES

1. To examine and analyze the effect of the Quick Ratio, Debt to Equity Ratio (DER) and Fixed Assets Turnover (FATO) partially on the financial performance of the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX).
2. To test and analyze the effect of the Quick Ratio, Debt to Equity Ratio (DER) and Fixed Assets Turnover (FATO) simultaneously on the financial performance of the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX).

THEORETICAL BASIS

Financial statement analysis is a method or technique used to conduct a thorough examination of the financial statements. In conducting financial analysis, one must describe each component of the financial statements in order to obtain detailed information to determine the financial condition of a company.

Types of financial ratios

a. The liquidity ratio is to determine the company's ability to finance operations and meet financial obligations when billed.
b. The activity ratio is a ratio to determine the company's ability to carry out daily company activities or the company's ability to travel, collect receivables and use assets owned.
c. Profitability ratio is a ratio to determine the company's ability to earn profits from various policies and decisions that have been taken.

d. The solvency/leverage ratio is a ratio to measure how far the company's assets are financed by debt.

Liquidity Ratio
Quick Ratio
Quick ratio (Kasmir, 2016) is a ratio that shows the company's ability to meet or pay current liabilities or debts (long-term debt) with current assets without taking into account the value of inventory

$$\text{Quick ratio} = \frac{\text{Current Assets - Inventory}}{\text{Current liabilities}}\ 100\%$$

Leverage/Solvency Ratio
Debt to Equity Ratio
Debt to Equity Ratio (Kasmir, 2016) is a ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt with all equity. This ratio is useful for knowing the amount of funds provided by the borrower (creditor) with the business owner. In other words, this ratio serves to determine each rupiah of own capital that is used as collateral for debt.

$$\text{DER} = \frac{\text{Total Amount of debt}}{\text{Owner Equity}} \times 100\%$$

Activity Ratio
Fixed Assets Turnover
Fixed Assets Turnover (Kasmir, 2016) is a ratio used to measure how many times the funds invested in fixed assets rotate in one period. Or in other words, to measure whether the company has fully utilized the capacity of its fixed assets or not.

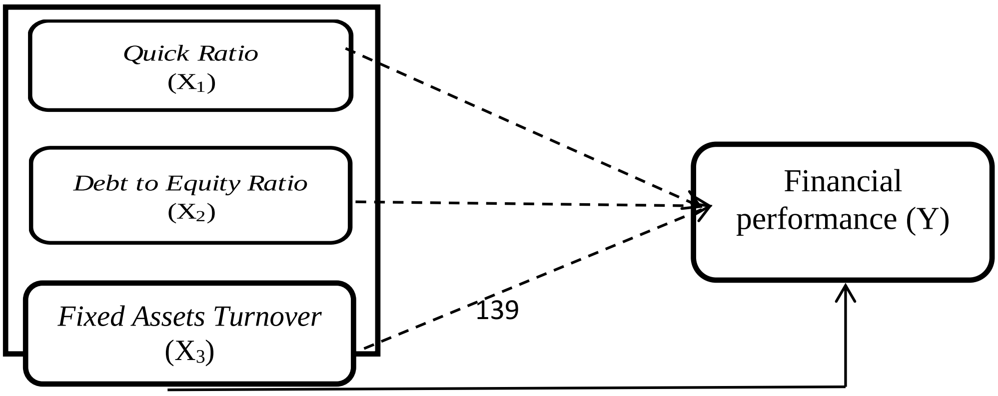
$$\text{Fixed Assets Turnover} = \frac{\text{Sale}}{\text{Fixed assets}}$$

Profitability Ratio
Return On Assets
In Return On Assets (Hery, 2015), a ratio that shows how big the share or contribution of assets is in generating overall profits. In the end, this ratio is used to measure how much net profit will be generated from each rupiah of assets that are included in total assets.

$$\text{ROA} = \frac{\text{Net profit}}{\text{Total assets}} \times 100\%$$

CONCEPTUAL FRAMEWORK

The conceptual framework of this research is as follows :



HYPOTHESIS

Based on the formulation of the problem and the conceptual framework that has been determined, the research hypothesis is as follows:

H_1: It is suspected that the Quick Ratio (QR), Debt to Equity Ratio (DER) and Fixed Assets Turnover (FATO) partially have a significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX).

H_2: It is suspected that the Quick Ratio (QR), Debt to Equity Ratio (DER) and Fixed Assets Turnover (FATO) simultaneously have a significant effect on the financial performance of manufacturing companies in the food and beverage sub-sector listed in the Indonesia Stock Exchange (IDX).

RESEARCH METHODS

This study uses two variables, namely independent variables (quick ratio, debt to equity ratio and fixed assets turnover) and dependent variable (return on assets). This study uses quantitative descriptive research from secondary data from several journals or in the form of financial reports from food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2018 to 2020.

In this study, the population used was 90 financial statements and a sample of 54 financial reports and annual reports from 20 food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2020. The sample selection of this study was carried out using the purposive sampling method.

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

This study uses multiple linear regression analysis with the formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where :

Y = Financial performance of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX)

a = Konstanta

b_1, b_2, b_3 = Multiple linear coefficient

X_1 = Quick Ratio

X_2 = Debt to Equity Ratio

X_3 = Fixed Assets Turnover

e = Error Term

From the results of multiple linear regression testing can be seen in the table below:

Table 1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7,702	1,903		4,047	,000		
	QR	,007	,004	,204	1,517	,136	,700	1,429
	DER	-,030	,013	-,303	-2,243	,029	,694	1,441
	FATO	,641	,329	,251	1,951	,057	,766	1,306

a. Dependent Variable: ROA

Source: Data processed

Based on the results of multiple linear regression analysis, the multiple regression equation model is obtained as follows:

$Y = 7{,}702 + 0{,}007X_1 - 0{,}030\ X_2 + 0{,}641\ X_3 + e$

From the resulting regression equation can be interpreted as follows:

1. The constant value is 7.702 which means that the independent variables (Quick Ratio, Debt to Equity Ratio, and Fixed Assets Turnover) have a value of 0, so the value of financial performance (Return On Assets) is 7.702
2. The QR value shows the number 0.007 with a positive coefficient value, which means that each QR increases by one unit, so ROA has increased by 0.007 units with the assumption that the other independent variables are considered constant. This is because when the company's receivables have a lot of interest from the loans, it adds to the company's income.
3. 3. The DER value shows -0.030 with a negative coefficient value, which means that each DER increases by one unit, so ROA has decreased by -0.030 units with the assumption that the other independent variables are considered constant. This is because companies that experience an increase indicate that an increase in debt indicates that the company's risk will be higher because the company must pay interest or loans so that it will reduce the company's profit level and increase the risk that must be borne by the company.
4. The FATO value shows 0.641 with a positive coefficient value, which means that each FATO increases by one unit, so ROA has increased by 0.641 units with the assumption that the other independent variables are considered constant. This is because the turnover of fixed assets shows the effectiveness of the company in using all of its assets to create sales and earn profits.

Hypothesis test
1. t test

The results of hypothesis testing in this study are in table 2, namely:

Table 2

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	7,702	1,903		4,047	,000		
	QR	,007	,004	,204	1,517	,136	,700	1,429
	DER	-,030	,013	-,303	-2,243	,029	,694	1,441
	FATO	,641	,329	,251	1,951	,057	,766	1,306

a. Dependent Variable: ROA

Source: Data processed

From the table above, it can be concluded:

a. The results of the statistical test of the QR significance value are 0.136 > 0.05. It can be concluded that H1 is rejected, meaning that the QR variable partially does not have a significant influence on the financial performance of manufacturing companies in the food and beverage sub-sector listed in the Indonesia Stock Exchange (IDX). This study supports the theory of Van Horne and Wachowicz (2005) which states that company liquidity is inversely proportional to profitability. The higher the company's liquidity level, the lower the company's ability to generate profits.

b. The results of the statistical test of the significance value of DER are 0.029 <0.05. So it can be concluded that H2 is accepted which means that the DER variable partially has a significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX). This study supports the theory of Brigham and Houston, 2009 where the high and low Debt to Equity Ratio will affect the level of ROA achieved by the company. the higher the DER indicates the greater the company's burden on outsiders, this is very likely to reduce the company's performance.

c. The results of the statistical test of the significance value of FATO are 0.057 > 0.05. So it can be concluded that H3 is rejected, which means that the FATO variable partially has no significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX). When connected with the theory of Kasmir who said that “factors affecting ROA apart from the turnover of fixed assets, namely the liquidity ratio which in this ratio is used to measure the company's ability to meet its short-term obligations which is calculated by comparing current assets with current liabilities. In current liabilities, it can be concluded that it is not only fixed asset turnover that affects ROA but there are other factors such as liabilities or liabilities.

2. F test

Table 3

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	535,012	3	178,337	9,607	,000[b]
	Residual	928,163	50	18,563		
	Total	1463,175	53			

a. Dependent Variabel: ROA
b. Predictors: (Constant), FATO, QR, DER

Source: Data processed

Based on table 3 above, it can be seen that the significant value is 0.000. So it can be concluded that the significant number is 0.000 which is smaller than 0.05. This means that H4 is accepted. The independent variables or the independent Quick Ratio (QR), Debt To Equity Ratio (DER) and Fixed Assets Turnover (FATO) can be said to simultaneously or jointly have a significant effect on the financial performance of the food and beverage sector sbu manufacturing companies listed on the Stock Exchange. Indonesia (IDX).

3. Multiple Coefficient of Determination Test (R2)

Table 4

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,605[a]	,366	,328	4,30851	1,330

a. Predictors: (Constant), FATO, QR, DER
b. Dependent Variabel: ROA

Source: Data processed

From the above calculation, it is known that the coefficient of determination is 0.328. It can be said that it means that together the independent variables or together (QR, DER, FATO) can explain the variation of the financial performance variable by 32.8% and the remaining 67.2% is influenced by other variables or other financial factors .

Discussion

From the research results that have been analyzed statistically using the multiple linear analysis method, there are things that need to be known or considered regarding the effect of the independent variables QR, DER, and FATO on financial performance in food and beverage sub-sector manufacturing companies listed in the Stock Exchange. Indonesian Securities (IDX). The results of the analysis and hypothesis testing are as follows:

The Effect of Quick Ratio on Financial Performance

From the results of the hypotheses that have been analyzed and tested that have been carried out, the quick ratio has no significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX) for the period 2018 to 2019. It can be said that the company's liquidity inversely related to profitability. The higher the company's liquidity level, the lower the company's ability to generate profits.

The Effect of Debt to Equity Ratio on Financial Performance

From the results of the analyzed and tested hypotheses that have been carried out that the debt to equity ratio has a significant influence on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX) for the period 2018 to 2019. It can be said that high The low debt to equity ratio affects the level of ROA achieved by the company. If the costs incurred by the loan (cost of debt) are less than the cost of equity (cost of equity), then the source of funds originating from loans or debt will be more effective in generating profits (increasing Return on Assets).

Effect of Fixed Assets Turnover on Financial Performance

From the results of the hypotheses that have been analyzed and tested that have been carried out that fixed asset turnover does not have a significant effect on financial performance in the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX) for the period 2018 to 2019. This can be said to be efficiency and the effectiveness of the company in managing assets to generate profits.

CONCLUSION

1. Variables Quick Ratio, Debt to Equity Ratio, Fixed Assets Turnover F test affect the financial performance of manufacturing companies in the food and beverage sub-sector listed in the Indonesia Stock Exchange (IDX).
2. The results of the partial test calculation through the t-test test showed that the QR results had no significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX).

3. The DER variable has a significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX).
4. The FATO variable has no significant effect on the financial performance of the food and beverage sub-sector manufacturing companies listed in the Indonesia Stock Exchange (IDX).

SUGGESTIONS

1. In maintaining and improving the results of the Debt to Equity Ratio by the company's management. This increase in yield is made possible by utilizing the company's obligations properly so that the use of obligations can build the company's financial performance as an advantage.
2. In this study to assess financial performance by using ROA. It is hoped that further research will further develop this research by assessing financial ratios such as ROE, ROI, EPS, and others.

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