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REVIEW OF SOME FINANCIAL RATIOS AND THE EFFECT ON CHANGES IN INCOME IN REGISTERED FOOD AND BEVERAGE COMPANIES IN INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to determine the effect of financial ratios such as current ratios, debt to assets ratio, gross profit margin on changes in earnings in food and beverage companies listed on the Indonesia Stock Exchange.

The population of this research is food and beverage companies listed on the Indonesia Stock Exchange. The sampling technique was using purposive sampling method. Based on purposive sampling from 40 companies, it was obtained a sample of 19 companies that met the criteria.

The research data is secondary data obtained from the Indonesian Stock Exchange (www. Idx.co.id) and ICMD 2016-2017. Testing the research hypothesis used multiple linear regression analysis techniques (Multiple Regression Model), with the application tool SPSS (Statistical Product and Service Solutions).

The results of this study indicate that there is no significant effect between Current Ratio, Debt to Assets Ratio and Gross Profit Margin on partial changes in earnings, so it can be concluded that the first hypothesis is rejected. Likewise, the simultaneous test of Current Ratio, Debt to Assets Ratio, Gross Profit Margin simultaneously or together is unable to explain changes in the dependent variable, namely changes in earnings.

1. INTRODUCTION

The capital market in Indonesia is one of the most important factors in the development of the national economy, it is proven that many industries and companies have used this capital market as a medium to absorb investment and the media to strengthen their financial position. From the 1980s to the late 1990s, manufacturing was the main driving force for the Indonesian economy.

The wider community basically measures the success of a company or an organization based on the company's capabilities in terms of management performance. One of the performance assessments is profit. The income statement is a financial statement that can report the financial position of a company within a certain time, as well as its operations during several previous periods. So that financial reports can be used to predict the future.

Thus, the profitability of a company can be determined by comparing the profits that the company receives in a period with the amount of assets and working capital used to generate this profit. Financial reports must be analyzed for use in decision making. Financial analysis includes calculations and with financial ratio analysis.

There are several analytical techniques used to analyze and assess a company's financial condition and changes in profits. One technique to determine whether the financial information generated can be useful for predicting changes in earnings, including financial conditions in the future is financial ratio analysis.

Many studies have used financial ratios to determine the effect of changes in corporate profits.

The following describes previous research data and research results

Table 1.1: Previous Research

Name Research	Title Research	Research methods	Result Research
Eka Khairunnisa Zul (2009)	Financial Ratio Analysis on Changes in Profits	Analysis Multiple Linear Regression	The results showed only partially ratio Financial Current Ratio, Total Debt to Total Capital Assets Ratio, Debt to Equity Ratio, Profit Before Taxes to Shareholdersí Equity, Working Capital to Net Sales, Working Capital to Total Assets, Gross Profit to Net Sales, Inventories to Working Capital and Return On Assets which affect changes in earnings.
Rut Enny (2007)	the effect of Return on Asset (ROA), Return on Equity (ROE), and Debt to Equity Ratio (DER) on changes in stock prices of Food andBaverages manufacturing companies in the 2001-2006 period.	Analysis Multiple Linear Regression	ROA and ROE variables only have a partially significant effect on the stock price of manufacturing companies, while the DER variable does not have a partially significant effect.
Sarsa Meta Nugrahani (2012)	Analysis of the effect of profitability, liquidity, sales growth, company size and managerial ownership on capital structure (debt to equity ratio) in manufacturing companies on the Indonesia Stock Exchange.	Analysis Multiple Linear Regression	Analysis of the effect of profitability, liquidity, sales growth, company size and managerial ownership have no partial significant effect

The inconsistency of the results of previous research regarding the effect of several financial ratios on changes in earnings prompted the author to conduct further tests on financial ratios consisting of Current Ratio (CR) Debt to Assets Ratio (DAR), Gross Profit Margin (GPM), to changes in earnings. in food and beverage companies listed on the Indonesia Stock Exchange

Based on this background, the researcher has the desire to conduct research with the title "The study of several financial ratios and their effect on changes in earnings in food and beverage companies listed on the Indonesia Stock Exchange (IDX)"

The formulation of the problem in this study is how the influence of Current Ratio (CR) Debt to Assets Ratio (DAR), Gross Profit Margin (GPM) on changes in earnings in food and beverage companies listed on the IDX.

The objective that the researcher will convey in this study is to determine the effect of Current Ratio (CR) Debt to Assets Ratio (DAR), Gross Profit Margin (GPM), on changes in earnings in food and beverage companies listed on the IDX.

2. LITERATURE REVIEW

2.1. DEFINITION OF PROFIT

The definition of profit is the excess of income over expenses in one accounting period [4]. "

2.2. CHANGE IN PROFIT

Every company tries to get maximum profit. Profits earned by the company will affect the survival of the company. The company definitely wants an increase in profits earned every year. The increase and decrease in profit can be seen from changes in earnings.

The change in profit can be translated by the formula:

$$\Delta Y_{it} = \frac{Y\,it - Y\,it-1}{Y\,it-1}$$

ΔYit = Change in profit

Yit = Profit of a certain company for a certain period

Yit-1 = Profit of a particular company in the previous period

2.3. FINANCIAL RATIOS

The financial ratio is an index that connects two accounting numbers and is obtained by dividing one number by another in one period or several periods [5].

2.4. CURRENT RATIO (CR)

Current ratio is a ratio to measure the company's ability to pay short-term obligations or debt that is due immediately when collected as a whole.

The formula for finding the current ratio can be used as follows:

Current Ratio = (Current Asset) / (Current Liabilites)

From the results of ratio measurement, if the current ratio is low, it can be said that the company lacks capital to pay debts. However, if the ratio measurement results are high, the condition of the company cannot be said to be good, this can occur because there is no use of cash properly.

2.5. DEBT TO ASSETS RATIO (DAR)

Debt to Assets Ratio (DAR) is included in the solvency ratio, this ratio is also known as the ratio that measures the ratio between the funds provided by the owner and the funds borrowed from the company's creditors. solvency ratio is the ratio to determine the company's ability to pay its obligations if the company is liquidated [5].

The formula for finding the Debt to Assets Ratio:

Debt to Assets Ratio = (Total Liabilities) / (Total Asset)

2.6. GROSS PROFIT MARGIN (GPM)

Gross Profit Margin (GPM) is included in the profitability ratio, Gross Profit Margin is a comparison between gross profit to sales, where a high GPM ratio means that the higher the profitability the better, so that it will affect management in predicting changes in earnings. A high profit margin measure indicates a company's high ability to generate certain gross profits and sales.

The greater the GPM of a company, the greater the level of profit the company achieves, and the better the company's position in terms of asset use.

The GPM ratio is formulated as follows:

GPM = (Gross Profit) / Sales

2.7. THE EFFECT OF CURRENT RATIO ON CHANGE IN PROFIT

This ratio is used to determine the ability of the company to meet short-term obligations because this 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. A low current ratio is usually considered to indicate a problem with liquidity. Conversely, a current ratio that is too high is also not good, because it shows the large number of idle funds which in turn can reduce the company's profitability. Current assets are resources or claims on resources that can be converted into cash throughout the company's operating cycle. Current ratio has a positive relationship with changes in earnings, that is, if the current ratio increases, future profits will also increase [3].

Based on the explanation above, the first hypothesis can be formulated as follows:

H1: Current ratio has a positive effect on changes in earnings

2.8. THE EFFECT OF DEBT TO ASSETS RATIO ON CHANGES IN EARNINGS

DAR is the ratio of total debt to total assets, therefore this ratio explains how far assets / assets can cover their liabilities / debts [5]. The results show that DAR has a significant effect in a negative direction on changes in earnings [6].

Therefore, the second hypothesis in this study is as follows:

H2: DAR has a negative effect on changes in earnings

2.9. EFFECT OF GROSS PROFIT MARGIN ON CHANGES IN PROFITS

For trading and manufacturing companies, a low Gross Profit Margin ratio means that the company is prone to price changes, both selling price and cost of goods. Changes in the selling price or cost of goods can affect the company's profits. Under normal conditions, the Gross Profit Margin must be positive because it shows that the company can sell its products above its cost so that the company does not experience losses. The results show that GPM has a significant effect in a positive direction on changes in earnings [7]. Therefore, the third hypothesis in this study is as follows:

H3: GPM has a positive effect on changes in earnings

Based on previous theories and research, the conceptual or theoretical framework of the variables under study can be described systematically the relationship between the variables in the research paradigm as follows:

Based on the above framework, the researcher can formulate the following research hypothesis:

1) It is suspected that the current ratio has an effect on changes in earnings
2) It is assumed that the debt to assets ratio has an effect on changes in earnings
3) It is suspected that the gross profit margin has an effect on changes in earnings
4) It is suspected that the current ratio, debt to assets ratio, gross profit margin effect on changes in earnings

3. RESEARCH METHODS

The population in this study were companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2016-2017 with a total of 64 companies.

This study used purposive sampling collection method, namely taking samples from the population based on certain criteria. So that the sample of this study is 19 companies. The criteria used in sampling from the population in this study are as follows:

1) Food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2016-2017
2) Food and beverage companies listed on the Indonesia Stock Exchange that had positive profits during the study period
3) Food and beverage companies listed on the Indonesia Stock Exchange that use the Rupiah currency in their financial statements.

The method of data analysis in this study is multiple linear regression, there are conditions that must be met before performing multiple regression analysis, namely the classical assumption test consisting of normality test, autocorrelation test, multicollinear test, and heteroscedasticity test. Hypothesis testing is in the form of simultaneous hypothesis testing and partial hypothesis testing. Simultaneously, hypothesis testing is done by using the F test. Partially, hypothesis testing is done by using the t test.

These variables can be arranged in a function or equation as follows:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$

Keterangan:

Y = Change in Profit
a = Constant
b1-b4 = Regression Coefficient
X1 = Current Ratio
X2 = Debt to Assets Ratio
X3 = Gross Profit Margin
e = error

4. RESULTS AND DISCUSSION

Before doing multiple linear regression analysis, first the classical assumption test was carried out. Data analysis was carried out by means of descriptive statistical analysis and multiple linear regression models. The data available for the dependent variable is the change in profit and the independent variables consist of Current Ratio, Debt to Assets Ratio, and Gross Profit Margin.

The analysis was carried out by testing the effect of the three independent variables on the dependent variable simultaneously through the F statistical test and partially through the t statistical test.

The first analysis carried out was to select companies that fit the sample criteria, namely companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2017 period, which had complete data for the variables studied and distributed dividends during the study period.

After obtaining company data that match the criteria needed by the researcher, the data is sampled and then calculated. From these data, the F statistical test and t statistical test were carried out using multiple linear regression models with the SPSS 21.00 program for windows.

This study used purposive sampling, namely the method of observation with a specific purpose. The type of data used in this study is secondary data obtained from the Indonesia Stock Exchange (BEI).

4.1. DESCRIPTIVE STATISTICAL TEST RESULTS

The influence of the variable Current Ratio, Debt to Assets Ratio, Gross Profit Margin on changes in earnings, will first be reviewed regarding the description of the research variables with descriptive statistical analysis. Descriptive statistics provide an overview of data that can be seen from the average value (mean), standard deviation, maximum and minimum values. More details regarding the results of descriptive research statistics can be seen in table 5.1 as follows:

Table 4.1: Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CR	38	.5861	8.6378	3.203387	2.3598958
DAR	38	.0388	.7191	.358471	.1845185
GPM	38	.1111	.7388	.366566	.1684713
PLABA	38	.0015	.7845	.175084	.1667717
Valid N (listwise)	38				

1) Current Ratio (CR)

Based on table 4.1, it can be seen that the current ratio is between 0.5861 and 8.6378 with a mean value of 3.2033 and a standard deviation of 2.3598958. The company that has the lowest Current Ratio is PT. Sariguna Primatirta Tbk (CLEO) in 2016 amounted to 0.5861. Meanwhile, the company with the highest Current Ratio value was Delta Djakarta Tbk (DLTA) in 2017, amounting to 8.6378.

2) Debt to Assets Ratio

Based on table 4.1, it can be seen that the amount of Debt to Assets Ratio is between 0.0388 and 0.7191 with a mean value of 3.58471 and a standard deviation of 0.1845185. The company with the lowest Debt to Assets Ratio was Unilever Indonesia Tbk (UNVR) in 2017,. Meanwhile, the company with the highest Debt to Assets Ratio was Unilever Indonesia Tbk (UNVR) in 2016, amounting to 0.7191.

3) Gross Profit Margin

Based on table 4.1, it can be seen that the amount of Gross Profit Margin ranges between 0.1111 and 0.7388 with a mean value of 0.3665 and a standard deviation of 0.16847. The company with the lowest Gross Profit Margin was Budi Starch & Sweetener Tbk (BUDI) in 2016, which was 0.1111. Meanwhile, the company with the highest Gross Profit Margin value was Delta Djakarta Tbk (DLTA) in 2017, amounting to 0.7388.

4) Change in Profit

Based on table 4.1, it can be seen that the magnitude of the Profit Change ranges between 0.0015 and 0.7845 with a mean value of 0.1750 and a standard deviation of 0.1667. The company that had the lowest Profit Change was Ultra Jaya Milk Industry & Trading Company Tbk (ULTJ) in 2016, which was 0.0015. Meanwhile, the company with the highest profit change value was Chitose International Tbk (CINT) in 2016, amounting to 0.7845

4.2. CLASSIC ASSUMPTION TEST

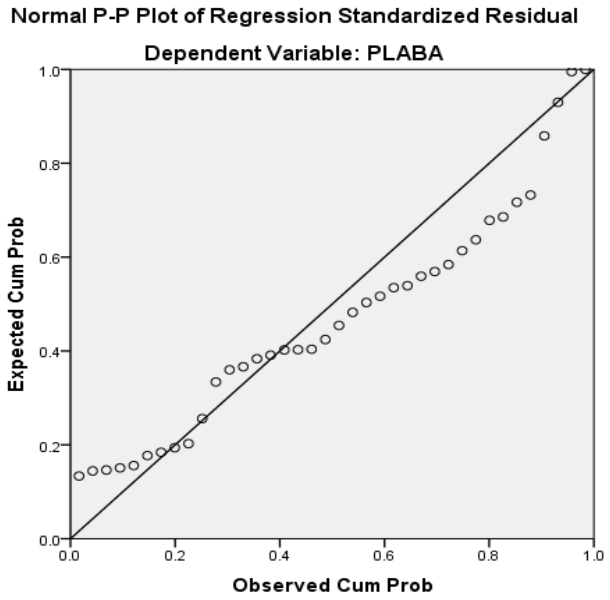
This classic assumption test was conducted to determine the condition of the data used in this study were free from multicollinearity, heteroscedasticity, and autocorrelation problems. This is done in order to obtain the right analysis model for use in this study. The results of data analysis using the classical assumption test are as follows:

4.2.1. NORMALITY TEST

A good regression model is to have a data distribution that is normal or close to normal. To test whether the data distribution is normal or not, one of them is by using graph analysis. A reliable method is to look at the normal

probability plot, in which the graph shows the dots spreading around the diagonal line and the distribution follows the direction of the diagonal line.

As shown in Figure 4.1 below:



Gambar 4.1: Normal Probability Plot

Based on the normal probability plot graph, it shows that the regression model is suitable for use in this study because the normal plot graph shows the dots spreading around the diagonal line and the distribution follows the direction of the diagonal line and the data that is owned looks evenly and quite good. This means that the regression model fulfills the normality assumption, which means that the data is normally distributed.

4.2.2. MULTICOLLINEARITY TEST

Multicollinearity test aims to test whether the regression model found a correlation between independent (independent) variables. A good regression model should not have a correlation between the independent variables. To detect the presence or absence of multicollinearity in the regression model is to observe the correlation matrix value generated at the time it is processed and the VIF (Variance Inflation Factor) value and the tolerance. A regression model is free from multicollinearity problems if it has a tolerance value of more than 0.1 and a VIF value of not more than 10 (Ghozali, 2011).

Table 4.3: Multicollinearity Test Results

Coefficients[a]											
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.234	.139		1.685	.101					
	CR	-.021	.017	-.300	-1.249	.220	-.179	-.209	-.208	.481	2.078
	DAR	-.109	.216	-.120	-.503	.618	.062	-.086	-.084	.487	2.053
	GPM	.130	.171	.132	.760	.453	.082	.129	.127	.926	1.080
a. Dependent Variable: PLABA											

Based on table 4.3, it can be seen that the tolerance value on the independent variable is Profitability or CR of 0.481, DAR of 0.487, GPM of 0.926. Meanwhile, the VIF CR value is 2.078, DAR is 2.053 and GPM is 1.080. From the results of the output above, all of them meet the multicollinearity-free requirements, namely the tolerance value> 0.1 and VIF <10 so that it can be concluded that all variables have met the tolerance threshold requirements of the VIF value, meaning that all variables do not occur multicollinearity between the independent variables.

4.2.3. AUTOCORRELATION TEST

The autocorrelation test aims to test whether in a linear regression model there is a correlation between sample members sorted by time. Autocorrelation usually appears in observations using time series. To find out whether autocorrelation exists or not, the Durbin Watson test is conducted, which is to compare the d value of the regression results with dL and dU from the Durbin Watson table. The following are the results of the autocorrelation test with Durbin Watson as follows:

Table 4.4: Autocorrelation Test Results

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.239[a]	.057	.026	.1689379	.057	.686	3	34	.567	1.361
a. Predictors: (Constant), GPM, DAR, CR										
b. Dependent Variable: PLABA										

Based on table 4.4, the output results are above the Durbin-Watson value of 1.361. While the Durbin Watson value is based on the table n = 38, K = 3, the value of dL = 1.3177 and dU = 1.6563 is obtained. So that the value of dU <dW <4 - dU is equal to 1.3177 <1.361 <4 - 1.6563. From the results of these calculations, the Durbin Watson value of the regression equation in this study is the autocorrelation free range. Therefore, in this study it can be concluded that there is no autocorrelation in the regression equation.

4.2.4. HETEROSCEDASTICITY TEST

This test aims to test whether the regression model has an inequality of variance from the residuals of one observation to another. A good regression model is a model that is free from the problem of heteroscedasticity (homoscedasticity). Details about the test results for heteroscedasticity can be seen in Figure 5.5 as follows:

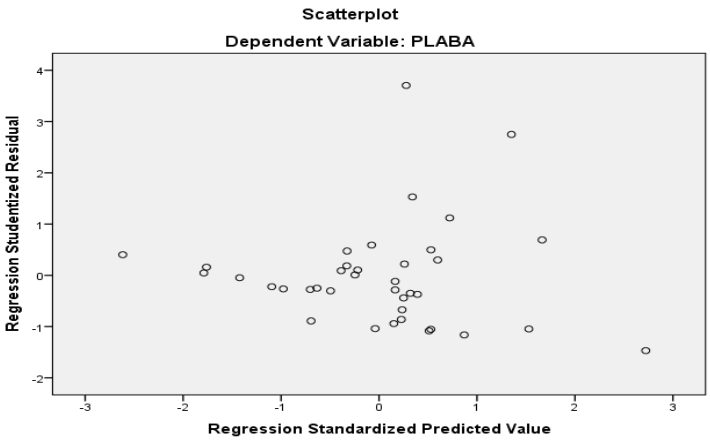


Figure 4.5: Heteroscedasticity Test Results

With the scatterplots graph above, it can be seen that the dots spread randomly and are spread either above or below the number 0 on the Y axis and there is no clear pattern in the distribution of the data. These results can be

concluded that there is no heteroscedasticity in the regression model, so the regression model is appropriate to be used to predict changes in earnings based on the variables that influence it, namely Current Ratio, Debt to Assets Ratio, and Gross Profit Margin.

4.3. MULTIPLE REGRESSION ANALYSIS

Multiple linear regression analysis is used to determine the influence of the independent variables (Current Ratio, Debt to Assets Ratio, Gross Profit Margin) on the dependent variable, namely changes in earnings. From the test results, the following results were obtained:

Table 4.5: Results of Multiple Regression Analysis

Coefficients[a]											
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	.234	.139		1.685	.101					
	CR	-.021	.017	-.300	-1.249	.220	-.179	-.209	-.208	.481	2.078
	DAR	-.109	.216	-.120	-.503	.618	.062	-.086	-.084	.487	2.053
	GPM	.130	.171	.132	.760	.453	.082	.129	.127	.926	1.080
a. Dependent Variable: PLABA											

From the research results, the multiple regression equation is obtained as follows:

PLABA = 0.234 - 0.021 CR - 0.109 DAR + 0.130 GPM + e

Based on the regression equation above, it can be interpreted as follows:

- The constant coefficient is 0.234, this means that it is positive, this means that the change in profit will be worth 0.234 if each variable Current Ratio, Debt to Assets Ratio, Gross Profit Margin is worth 0.
- The current ratio variable has a regression coefficient of -0.021. The negative regression coefficient value indicates that the current ratio has a negative effect on changes in earnings. This illustrates that if every one percent increase in the current ratio variable, assuming other variables remain, it will reduce changes in earnings by -0.021.
- The Debt to Assets Ratio variable has a regression coefficient of -0.109. The negative regression coefficient value indicates that the Debt to Assets Ratio has a negative effect on changes in earnings. This illustrates that if every one percent increase in the Debt to Assets Ratio variable, assuming other variables are constant, it will reduce the change in earnings by -0.109.
- The Gross Profit Margin variable has a regression coefficient of 0.130. The positive regression coefficient value shows that the Gross Profit Margin has a positive effect on changes in earnings. This illustrates that if every one percent increase in the Gross Profit Margin variable, with the assumption that other variables are fixed, it will increase the change in profit by 0.130.

4.4. HYPOTHESIS TESTING

4.4.1. STATISTICAL TEST F

The F statistical test is to determine whether all the independent variables included in the model have a joint (simultaneous) influence on the dependent variable. The results of the simultaneous multiple regression analysis can be seen as follows:

Table 4.6: Statistical Test Results F

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.059	3	.020	.686	.567[b]
	Residual	.970	34	.029		
	Total	1.029	37			
a. Dependent Variable: PLABA						
b. Predictors: (Constant), GPM, DAR, CR						

In table 4.6, it can be seen that the independent variables, namely Current Ratio, Debt to Assets Ratio, Gross Profit Margin simultaneously or together are unable to explain changes in the dependent variable, namely changes in earnings. This can be seen from the calculated F value (0.686) with a significant level of 0.567 which is greater than 0.05 (α = 0.05). So it can be concluded that there is no significant simultaneous effect between Current Ratio, Debt to Assets Ratio, Gross Profit Margin on changes in earnings.

4.4.2. STATISTICAL TEST T (PARTIAL)

This test is used to determine the analysis of the influence of Current Ratio, Debt to Assets Ratio, Gross Profit Margin on changes in profit in sub-food and beverage companies listed on the Indonesia Stock Exchange from 2016 to 2017 partially, which can be seen as follows:

Table 4.7: Statistical Test Results t

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.234	.139		1.685	.101
	CR	-.021	.017	-.300	-1.249	.220
	DAR	-.109	.216	-.120	-.503	.618
	GPM	.130	.171	.132	.760	.453

Based on table 4.7 the effect of Current Ratio on changes in earnings shows the results of calculations with a t value of -1.249 and a Current Ratio value of significance of 0.220 is greater than the significance level α = 5% = 0.05, then Ha1 is rejected, so it can be said that there is no significant effect. significant between Current Ratio to changes in earnings partially, so it can be concluded that the first hypothesis is rejected.

Based on table 4.7, the effect of the Debt to Assets Ratio on changes in earnings shows the results of the calculation with a t value of -0,503 and a significance probability value of 0.618 is greater than the significance level α = 5% = 0.05, then Ha2 is rejected, so it can be said that there is no effect. which is significant between the Debt to Assets Ratio to changes in earnings partially, so it can be concluded that the second hypothesis (Ha2) is rejected.

Based on table 4.7 the effect of Gross Profit Margin on changes in earnings shows the results of the calculation with a t value of -0.503 and a significance probability value of 0.618 is greater than the significance level α = 5% = 0.05, then Ha2 is rejected, so it can be said that there is no significant effect. significant between Gross Profit Margin on changes in earnings partially, so it can be concluded that the second hypothesis (Ha2) is rejected.

The results of this study can be concluded through the data table below:

Table 4.8: Summary of Research Results

No.	Independent Variable	Dependent Variable	Relationship	Research Results	Decision
1.	*CR*	change in profit	Negative	Not significant	Rejected
2.	*DAR*	change in profit	Negative	Not significant	Rejected
3.	*GPM*	change in profit	Positive	Not significant	Rejected
4.	*CR, DAR dan GPM*	change in profit	Positive	Not significant	Rejected

4.4.3. COEFFICIENT OF DETERMINATION

The coefficient of determination is used to see the relationship between the independent variable and the dependent variable. The coefficient of determination indicated by the Adjusted R-square value of the regression model is used to determine the size of the social disclosure index which can be explained by the independent variables.

Table 4.9: Result of the coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.239[a]	.057	.026	.1689379

From the results of table 4.9 it can be explained that the amount of Adjusted R Square is 0.026, this means that 2.6% of the variation in dividend policy can be explained by variations of the five independent variables Current Ratio, Debt to Assets Ratio, Gross Profit Margin. While the rest (100% - 2.6% = 97.4%) is explained by other causes outside of this research model. Such as Return on Assets, Net Profit Margin, Total Assets Turn Over.

4.5. DISCUSSION OF RESEARCH RESULTS

4.5.1. THE EFFECT OF CURRENT RATIO ON CHANGES IN PROFIT

The first hypothesis in this study is that there is an effect of Current Ratio on Changes in Profit in food and beverage sector companies listed on the Indonesia Stock Exchange. Based on the results of the t statistical test in table 4.7, it can be seen that the variable Current Ratio to changes in earnings shows the results of calculations with a t value of -1.249 and the Current Ratio value of 0.220 significance is greater than the significance level α = 5% = 0.05, then Ha1 is rejected. , so it can be said that there is no significant effect between the Current Ratio and partial changes in earnings, so it can be concluded that the first hypothesis is rejected.

Thus, Ho is accepted and Ha1 is rejected. The results of this study are not in line with research conducted by Meriewaty and Setyani (2005) in which the current ratio has a positive relationship with changes in earnings, that is, if the current ratio increases, future profits will also increase. And it is also not in line with the research conducted by Luluk Muhimatul Ifada and Tiara Puspitasari (2016).

The insignificant result was also due to the fact that the company was not able to generate stable profits in the average year of observation, which may be due to the unstable economic climate. In addition, the insignificant results in this study are also supported by empirical facts regarding the ability of different companies to generate profits. Where there are companies that have small total assets but are able to generate greater profits, and pay larger dividends as well. So, the size of the value of the Current ratio does not have a significant effect on the size of the change in earnings

4.5.2. THE EFFECT OF DEBT TO ASSETS RATIO ON CHANGES IN PROFITS

The second hypothesis in this study is that there is a positive influence between the Debt to Assets Ratio and the Change in Profit in food and beverage sector companies listed on the Indonesia Stock Exchange. Based on the results of the t statistical test in Table 4.7, it can be seen that the Debt to Assets Ratio to changes in earnings shows the calculation results with a t value of -0.503 and a significance probability value of 0.618 is greater than the significance level α = 5% = 0.05, then Ha2 is rejected. , so it can be said that there is no significant effect between the Debt to Assets Ratio partially on changes in earnings, so it can be concluded that the second hypothesis (Ha2) is rejected.

This is not in line with the research results of Oktanto and Muhammad Nuryatno (2014) which show that DAR has a significant influence in a negative direction on changes in earnings.

4.5.3. THE EFFECT OF GROSS PROFIT MARGIN ON CHANGES IN PROFITS

The third hypothesis in this study is that there is an effect of Gross Profit Margin on Changes in Profit in food and beverage sector companies listed on the Indonesia Stock Exchange. Based on the results of the t statistical test in table 4.7, it can be seen that the Gross Profit Margin variable on changes in earnings shows the calculation results with a t value of -0.503 and a significance probability value of 0.618 is greater than the significance level α = 5% = 0.05, then Ha2 is rejected. , so it can be said that there is no significant effect between Gross Profit Margin on partial changes in earnings, so it can be concluded that the second hypothesis (Ha2) is rejected.

Based on Puspitasari's (2016) research results, it shows that GPM has a significant effect in a positive direction on changes in earnings. So, it is not in line with the results of this study.

4.5.4. EFFECT OF CURRENT RATIO, DEBT TO ASSETS RATIO, GROSS PROFIT MARGIN ON CHANGES IN PROFITS

The sixth hypothesis in this study is that there is a significant influence between Current Ratio, Debt to Assets Ratio, Gross Profit Margin on Profit Changes in food and beverage sector companies listed on the Indonesia Stock Exchange. Based on the results of the F statistical test in table 5.6, it can be seen that the independent variables, namely Current Ratio, Debt to Assets Ratio, Gross Profit Margin simultaneously or together are unable to explain changes in the dependent variable, namely changes in earnings. This can be seen from the calculated F value (0.686) with a significant level of 0.567 which is greater than 0.05 (α = 0.05). So, it can be concluded that there is no significant simultaneous effect between Current Ratio, Debt to Assets Ratio, Gross Profit Margin on changes in earnings. So, it can be concluded that overall the independent variables in the study cannot affect changes in earnings as the dependent variable. This is also supported by the results of the determination coefficient test in Table 4.9, it can be explained that the amount of Adjusted R Square is 0.026, this means that 2.6% of the variation in dividend policy can be explained by variations of the five independent variables Current Ratio, Debt to Assets Ratio, Gross Profit Margin. While the rest (100% - 2.6% = 97.4%) is explained by other causes outside of this research model. Such as Return on Assets, Net Profit Margin, Total Assets Turn Over.

5. CONCLUSION

Based on the results of data analysis and discussion that has been stated previously, the conclusions of this study are as follows:

1) Based on the results of the t test calculation, it is said that there is no significant effect between the Current Ratio and partial changes in earnings, so it can be concluded that the first hypothesis is rejected.
2) Based on the results of the t test calculation, that there is no significant effect between the Debt to Assets Ratio partially on changes in earnings, so it can be concluded that Ha2 is rejected.
3) From the results of the t test calculation, it is said that there is no significant effect between the Gross Profit Margin on partial changes in earnings, so it can be concluded that the third hypothesis (Ha3) is rejected.
4) From the results of the F test calculation, the variables Current Ratio, Debt to Assets Ratio and Gross Profit Margin simultaneously have no effect on changes in earnings at food and beverage companies listed on the Indonesia Stock Exchange.

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CONFLICT OF INTEREST

The author have declared that no competing interests exist.

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