

Factors That Affect the Financial Performance of the Manufacturing Companies Listed on The Indonesia Stock Exchange

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Abstract : *This study examined the influence of Current Ratio, Debt To Equity Ratio, and Total Asset Turnover against the financial performance of the company stated in the Return On Assets on the manufacturing companies listed on the indonesia stock exchange. Sample from this research is as much as 84 manufacturing companies listed on the indonesia stock exchange. Types of data used are secondary data that comes from the Indonesia Capital Market Directory (ICMD). Results descriptive statistics showed that an increase in the company's financial performance, which if viewed from the perameternya the company's financial performance more done parameter Current ratio. Based on the correlation analysis shows the Current Ratio effect significantly to Return On Assets, Debt To Equity Ratio was not significant effect against the Return On assets, and Total Asset Turnover effect significantly to Return On Assets. Based on regression analysis, we find that variable Current Ratio, Debt To Equity Ratio, and Total Asset Turnover effect significantly to the financial performance of the company stated in the Return On Assets.*

Keywords: *Company Financial Performance, Return On Asset, Current Ratio, Debt to Equity Ratio, Total Asset Turnover*

1. INTRODUCTION

The company is an organization that was formed with the goal of maximizing profits. Growing number of competitors, the company is required to maintain and improve its performance in managing and processing resources are owned by the company.

According to Fahmi (2011) financial performance analysis is conducted to see the extent to which a company has done with the use of the financial implementation of the rules properly. The company's financial performance can be analyzed using financial ratios.

According to Kasmir (2010) financial ratios is an activity comparing the figures in the financial statements made by dividing one number by another number. It is done between the components of the financial statements

contained in several periods. For investors, the financial performance is very important because it can be used as a benchmark in taking investment decisions.

Current Ratio is the ratio that shows the company's ability to pay short-term debt. The higher total assets current liabilities against smooth then the greater the confidence that current liabilities will be paid. The research of Selcuk (2016); Dalyeen (2017); Arisadi & Djazuli (2013); Azizah (2016); Ayani et al (2016) and Noor (2011) indicates that the current ratio has a positive impact on the return on assets, but contrary to the Khalifa & Shafii (2013) and Pramesti et al (2016) suggested that the current ratio has no effect against the return on asset.

Debt to Equity Ratio is the ratio that shows how big the capital itself in ensuring debt, both short term and long

term. The lower the debt to equity ratio indicates that the higher the level of funding provided the owners will certainly have an impact on the financial performance of a company. Research results Dalyeen (2017); Arisadi & Djazuli (2013); Azizah (2016); Ayani et al (2016) and Martini (2016) showed that there were significant effects from debt to equity against the financial performance of the company.

Total Asset Turnover ratio is the ratio that shows the ability of total assets spun during one year in generating sales from one company. Total assets turnover is low means the company has an excess of total assets, which indicates that the total assets of the existing yet underutilized to create sales. Research results Martini (2016); Esthirahayu et al (2014); Noor (2011), Pramesti et al (2016) shows that the total asset turnover positive effect against the return on assets.

This research aims to find out whether the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover effect on the financial performance of the company (return on asset). This research is expected to be one of the sources of information and consideration for the company in financial performance predicts in one company.

2. METHODOLOGY

Of the type of research used in this research is quantitative research. The dependent variable in this study is the Return On Assets. The independent variable in this study is the Current ratio, Debt to Equity ratio, Total Asset Turnover. The source of the data in this study is secondary data, i.e. the financial report of manufacturing companies listed on the Indonesia stock

exchange 2014-2015 the period published by the Indonesia Capital Market Directory (ICMD) on the official website of the stock exchange Indonesia namely www.idx.co.id.

The population in this research is 144 manufacturing company. Sampling method in this study using a purposive sampling. Criteria perusahaan the sample in this study are: 1) the Manufacturing Companies listed on the Indonesia stock exchange (idx) of the period of 2014-2015. 2) The company's categorization is based on the publication of the Indonesia Capital Market Directory (ICMD) 2014-2015. 3) manufacturing company which publishes financial reports on an ongoing basis in research. manufacturing companies that have positive earnings in the period of the study.

In this study using the method of analysis that is 1) descriptive statistics. 2) Classic Assumption Test. Test using a Normality test IE the kolmogorov-smirnov, by looking at the value of significance, if the value of significance $0.05 >$ data can be inferred then distributed normally.

Test of autocorrelation i.e. using runs test, by looking at the value of significance, if the value of significance $0.05 >$ then can be summed up in the regression model are not symptoms of autocorrelation.

Multicollinearity test by seeing great value VIF (Variance Inflation Factor) and Tolerance ", if the value is below 10 and the enormity of VIF value tolerance above 0.01 then it can be inferred that no symptoms of multicollinearity in regression models.

Test heteroskedastisitas test using glacier, namely by looking at the magnitude of the value, if the value of significance > 0.05 , then it can be concluded that there is no residual value variant inequality in the

regression model. 3) linear multiple regression analysis with the following equation:

$$Y = a + b_1CR + b_2DER + b_3TATO + e$$

Description:

- Y = financial performance (ROA)
- a = integer constants
- X 1 = Current Ratio
- X 2 = Debt to Equity Ratio
- X 3 = Total Asset Turnover
- e = Error

Feasibility test model (F Test) and see the significance, if the value of significance 0.05 <, there are influences

between variables independent of the dependent variable.

Hypothesis test (test t) and see the significance, if the value of significance 0.05 <, there are partial in influences between variables independent of the dependent variable.

3. RESULTS AND DISCUSSION

Based on the method of purposive sampling, samples obtained as many as 84 manufacturing companies listed on the Indonesia stock exchange (idx) during the years 2014-2015, so the data retrieved as many as 168 observational data.

3.1 Descriptive Statistic Test Results

Table 1. Test Results Of Descriptive Statistics

Ratio	N	Max	Min	Mean	Std. Deviasi
ROA	168	40,18	0,04	7,6123	7,73805
CR	168	967,73	45.03	231,7987	166,03349
DER	168	7,99	-4,93	0,9546	1,17549
TATO	168	3,95	0,03	1,0635	0,58684

Based on the table above, it can be noted that Current ratio (X 1) to the value of the maximum of 967.73, the minimum value of 45.03, the average value of 231.7987 and nllai standard deviation of 166.03349. Variable Debt to Equity Ratio (X 2) maximum value amounted to 7.99, the minimum value of-4.93, average value of 0.9546 and the value of the standard deviation of

1.17549. Variable Total Asset Turnover (X 3) value maximum of 3.95, the value of 0.03, minimum average value of 1.0635 and value standard deviation of 0.58684. Return On Asset (Y) value of the maximum value of 40.18, a minimum of 0.04, average value of 7.6123 and the value of the standard deviation of 7.73805.

3.2 A Classical Assumptions Test Results

Test of Normality

Table 2. Normality Test Results

Ket	Asymp. Sig (2-tailed)	A	Description
Uji (K-S)	0,742	0,05	Normal distributed

Based on table 3 results of test of normality indicate that variable unstandardized residual value for sig 0.742 IE greater than (> 0.05), it can be

concluded that the data are normally distributed.

Autocorrelation test

Table 3. Autocorrelation Test Results

Discription	Variable	Asymp. Sig. (2-tailed)	A	Description
Run Test	CR	0,536	0,05	Autocorrelation is not happening
Run Test	DER	0,164	0,05	Autocorrelation is not happening
Run Test	TATO	1.000	0,05	Autocorrelation is not happening

Based on the table above, the results of the test demonstrating that the autocorrelation of the whole variable p

value 0.05 >, meaning this is not the case so the autocorrelation can be used as research data.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Variable	Colinierity Tolerance	Statistic VIF	Description
CR	0,885	1,130	There is no problem of multicollinearity
DER	0,790	1,266	There is no problem of multicollinearity
TATO	0,882	1,134	There is no problem of multicollinearity

Based on the table above shows that the independent variable has a value of tolerance more than 0.01 (10%), meaning that there is no correlation between the variables. The results of the above calculation shows

that the variable has a value of less than 10 VIF. Thus it can be concluded that there are no symptoms of multikoleniaritas regression models are used.

Test Heteroskedastisitas

Table 5. Heteroskedastisitas Test Results

Variable	Sig	A	Description
CR	0,860	0,05	Not the case heteroskedastisitas
DER	0,703	0,05	Not the case heteroskedastisitas
TATO	0,089	0,05	Not the case heteroskedastisitas

Based on the table above, it can be concluded that the above research has value Sign > 0.05, so that can be

inferred is not happening heterokesdatisitas symptoms.

Multiple Linear regression test

Table 6. Multiple Linear Regression Test Results

	Keofisien	t_{hitung}	Sig
Constanta	0,700	0,500	0,618
CR	0,009	2.753	0,007
DER	-1.066	-2.076	0,039
TATO	5.395	5.541	0,000

Based on the results of the regression analysis can be composed of equations as follows:

$$ROA = 0.700 + 0.009 X_1 - 1.066 X_2 + 5.395 X_3$$

Interpretation of these equations are as follows :

- a = 0.700, is positive meaning in the Current Ratio, Debt to Equity Ratio, and Total Asset Turnover is increased one unit changes to the financial performance of manufacturing companies registered in BEI years 2015 will be up by 0.700 one unit.
- b = 0.009, is positive it means when variable CR improved one unit, then the financial performance of

the manufacturing companies registered in BEI year 2015 will be up by 0.009.

- B2 = -1.066, are negative meaning in variable DER one unit, then the improved financial performance of manufacturing companies registered in BEI know 2015 will be dropped by -1.066 assuming other variables fixed
- B3 = 5.395, is positive meaning in TATO variable one unit, then improved financial performance manufacturing company listed in BEI years 2015 will rise amounting to 5.395 assuming other variables fixed

Test the feasibility of the Model (test F)

Table 7. A Model Feasibility Test Results (Test F)

Discription	F_{hitung}	F_{tabel}	Sig	Discription
Uji F	14,680	3,109	0,000	Model Significant

Based on the above calculation shows that the results of the count F 14.680 whereas f table of 3.109, meaning f count greater than f table (14.680 > 3.109). That is, the most

influential model of the company's financial performance significantly to menufaktur registered in BEI 2014-2015 year.

Hipotesis-test (test t)

Table 8. The t-test results

Keterangan	t_{hitung}	t_{tabel}	Sig	A	Keterangan
H1	2,753	1,990	0,007	0,05	Diterima
H2	-2.076	1,990	0,039	0,05	Ditolak
H3	5,541	1,990	0,000	0,05	Diterima

The first hypothesis (H1): the influence of Current Ratio (CR) against the financial performance of the company (Return On Asset)

Value thitung from the results of the regression model calculation of Current ratio above is of 2.753 greater than ttabel of 1.990 (thitung = 2.753 = ttabel > 1.990) with the value of the sig 0.007 < 0.05, then Ho denied and Ha received means CR influential financial Performance significantly to manufacturing companies registered in BEI 2014-2015 year interpreted with ROA. The research is in line with the research Dalyeen (2017); Arisadi & Djazuli (2013) and Ayani et al (2016). But not in line with the research Pramesti et al (2016) and Noor (2011) stating that the current ratio does not affect the company's financial performance.

The second hypothesis (H2): influences of the Debt To Equity Ratio (DER) against the company's financial Performance (Return On Asset)

Value thitung from the results of the calculation of a regression model of the Debt to Equity Ratio of above is smaller than ttabel 2.076 of 1.990 (thitung = -ttabel = 2.076 < 1.990) with the value of the sig 0.039 < 0.05, Ho accepted and

then rejected Ha means DER do not affect financial performance significantly to manufacturing companies registered in BEI 2014-2015 year interpreted with ROA. The results of this study are in line with research Enekwe (2015); Noor (2011) and Nainggolan & Pratiwi (2017) but not in line with the research Arisadi & Djazuli (2013) and Martini (2016) stating that the Debt to equity ratio effect on the financial performance of the company.

The third hypothesis (H3): the influence of Total Asset Turnover Financial Performance Against Company (Return On Asset)

Value thitung from the results of the regression model calculation of Total Tunover Asset above is of 5.541 is greater than ttabel of 1.990 (thitung = = ttabel > 5.541 1.990) with the value of the sig 0.000 < 0.05, then Ho denied and Ha received a Total Asset Turnover means influential financial Performance against signifikan manufacturing company listed in BEI 2014-2015 year. The results of this study are in line with research Pramesti et al (2016); Noor (2011); Martini (2016) and Esthirahayu et al (2014).

Test Coefficient Determination (R2)

Table 10. Test Results The Coefficient Of Determination (R2)

R Square	Keberartian R Square	Keterangan
0,212	21,2 %	78,8 variasi kinerja keuangan dipengaruhi faktor lain

Based on the table above, it can be seen that the value of R2 is

of 0.212. It means 21.2% of financial performance which can be

explained by ratio CR, DER, and tato. Meanwhile, the rest of 78.8% by other variables outside of the model. The level of to overlook the means that only 21.2% indicates that there is still a 78.8% variation affected the financial performance of other factors were not examined in this study.

4. CONCLUSIONS AND SUGGESTIONS

Of the research aims to find out if the Current Ratio, Debt To Equity Ratio, and Total Asset Turnover effect on the financial performance of the company (Return On Asset). Type of this research is quantitative research. Sampling method with the method of purposive sampling. The sample meets the criteria is 84 manufacturing companies listed on the Indonesia stock exchange year 2014-2015 so obtained 168 data observations. Methods of data analysis used in the study include descriptive statistics, classic assumption test (normality test, autocorrelation, multicollinearity, and heteroskedastisitas test, test the hypothesis (multiple linear regression analysis, test eligibility the model t, test, and analysis of the coefficient of determination. Based on the results of hypothesis testing shows that the independent variable Current Ratio and Total Asset Turnover effect significantly to the Return On Assets, while the Debt to Equity ratio not significantly influential against the Return On Asset. Suggestions for further research excellence as follows: 1) for further research, is expected to conduct similar research but added the company other than manufacturing companies. 2) for further research, is expected to add a variable that is used so that it might affect the results when

using the variables a lot more. 3) For further research, is expected to add years of observation research so it probably can affect research results when using the observation period is much longer.

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