

Effect of *Current Ratio* and *Return on Asset* on Company Value (Case Study on Food and Beverage Subsector Manufacturing Companies Listed on the Indonesia Stock Exchange in 2018-2020)

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Abstract: This research was conducted to determine the effect of current ratio and return on assets on company value. This research uses quantitative methods. In this study, the population is a food and beverage sub-sector manufacturing company listed on the Indonesia Stock Exchange in 2018-2020. Sample sampling technique using purposive sampling technique using several criteria. The data analysis technique uses classical assumption test, multiple linear regression analysis test, T test, F test and coefficient of determination (R²) test using SPSS application version 16. From the results of the study shows that the results of the T test, the current ratio variable has an effect but is not significant on the value of the company and the results of the T test, the variable Return On Asset on the value of the company has an effect and is significant to the value of the company. And from the results of the study shows that the results of the F test together with current ratio and return on assets have an effect and are significant on the value of the company.

Abstrak: Penelitian Ini Dilakukan Untuk Mengetahui Pengaruh *Current Ratio* Dan *Return On Asset* Terhadap Nilai Perusahaan. Penelitian Ini Menggunakan Metode Kuantitatif. Dalam Penelitian Ini Yang Menjadi Populasi Adalah Perusahaan Manufaktur Sub Sektor Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2020. Teknik Pengambilan Sampel Dengan Menggunakan Teknik *Purposive Sampling* Dengan Menggunakan Beberapa Criteria. Teknik Analisis Data Menggunakan Uji Asumsi Klasik, Uji Analisis Regresi Linear Berganda, Uji T, Uji F Dan Uji Koefisien Determinasi (R²) Dengan Menggunakan Aplikasi Spss Versi 16. Dari Hasil Penelitian Menunjukkan Bahwa Hasil Uji T, Variabel *Current Ratio* Berpengaruh Namun Tidak Signifikan Terhadap Nilai Perusahaan Dan Hasil Uji T, Variabel *Return On Asset* Terhadap Nilai Perusahaan Berpengaruh Dan Signifikan Terhadap Nilai Perusahaan. Dan Dari Hasil Penelitian Menunjukkan Bahwa Hasil Uji F Secara Bersama-Sama *Current Ratio* Dan *Return On Asset* Berpengaruh Dan Signifikan Terhadap Nilai Perusahaan.



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INTRODUCTION

A manufacturing company is a company that processes raw materials into semi-finished goods or finished goods. The food and beverage company is one of the companies included in the manufacturing company that continues to experience growth. The increase in population, especially in Indonesia, has caused the volume of food and beverage needs to increase. The tendency of Indonesians to consume fast food has led to many new companies in the food and beverage sector because they think that food and beverage companies have good prospects for the present and the future (Yovita et al, 2020).

In this day and age, the business world is very fast developing. One by one, companies began to grow and develop after the Covid 19 pandemic. In maintaining the sustainability of the company itself, the company is required to have the ability to survive and increase the value of the company. Company value is an investor's perception of the manager's success rate in managing the company's resources entrusted to him which are often linked to the stock price (Silvia Indrarini, 2019). The main goal of a company is to prosper shareholders through corporate value as seen from the share price (Brigham & Houston, 2016). The higher the stock price, the higher the rate of return to investors. This can be explained the higher the value of the company related to the company's goal of maximizing the prosperity of shareholders. Share price is the price per share that applies in the capital market and is a reflection for a company related to good management by management so that it can create profits and be able to fulfill responsibilities to owners, employees, the public and the government (*stakeholders*). Pbv (*Price Book To Value*) is one of the indicators in assessing a company. Pbv is also able to describe how much the market

values the book value of a company's shares. In addition, pbv is a comparison between stock price and book value. Corporate value is the achievement of a company as a picture of public trust after the company has gone through a process for a long time, namely from the company was founded until now (Denziana and Monica, 2016). A company has several goals, the first of which is to achieve maximum profit or maximum profit. The second is to want to prosper the company owner or shareholders. While the third is to maximize the value of the company which is reflected in its share price. In order for these three goals to be achieved, the value of the company must be able to be increased to the maximum.

Current Ratio is the company's ability to pay its short-term debt at a certain time in accordance with the agreed agreement (Kariyoto, 2017). The company's liquidity or debt is generally used to assist the company in carrying out the company's operational activities, so that the company can create output that can be sold to others for profit. Debt is an obligation of the company to a third party to pay a certain amount of money in accordance with the agreed agreement. According to Kasmir (2015), the *current ratio* is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately at the time of being collected as a whole. The company uses debt for the company's operational activities. Debt can be useful for the company if the debt is used in accordance with the company's purpose and the debt is not in large amounts or amounts that can cause the company to suffer losses. With a high *current ratio* level reflecting cash adequacy so that the more liquid a company is, the level of investor confidence will increase, this will improve the company's image in the eyes of investors so that it can affect the value of the company (Annisa and Chabachib, 2017).

ROA (*Return On Asset*) is used to measure a company's ability to generate profit by utilizing its assets. This means that the greater the value of the ratio, the better, because the company is considered capable of utilizing its assets effectively to generate profits (cashmere, 2015). A positive *return on assets* shows that the total assets used to operate, the company is able to provide profit for the company. Conversely, if a negative *return on assets* indicates that the company is experiencing losses. Roa is a ratio between net *income after tax* to total assets (Halimah & Komariah, 2017).

Current Ratio is the company's ability to meet debt needs at maturity with available current assets. For managers and creditors of companies that have a high *current ratio*, they will be considered good and are in a strong state. The greater the comparison of current assets with current debt, the higher the company will cover its short-term liabilities. According to Roni et al, 2019, the *current ratio* is one of the liquidity ratios that shows the company's ability to meet its obligations or pay its short-term obligations. That is, how capable the company is in paying its obligations or debts that are due, if the company is able to fulfill its obligations, the company is valued as a liquid company, but if the company is unable to fulfill it, the company is considered an illiquid company.

Returun On Asset is often referred to as profitability in Indonesian. Fahmi (2015:135) explains that profitability measures the effectiveness of management as a whole, which is aimed at the size of the level of profit obtained in relation to sales and investments. The better the *return on assets*, the better it describes the company's high profitability.

High corporate value is the desire of company owners, because high value

indicates that shareholder prosperity is also high. The wealth of shareholders and the company is presented by the market price of the shares. Company value is the result of the company's performance in one period. The better the financial performance of a company, the easier it is to attract investors to invest their funds in the company. Because it is expected that the better the performance of a company, the value of shares will increase and provide the returns expected by investors (Aulia, 2018).

From some of the opinions above, it can be concluded that the value of the company is the investor's perception of the company, which is often associated with the share price of a company. Because the nominal that an investor must spend to buy the value of the company can assess the prosperity of the company's value holders.

Research Methods

In this study, the authors used a limited population, because the number of populations is known where the population in this study is the manufacturing companies of the food and beverage subsector listed on the stock exchange in 2018-2020 as many as 30 companies. The data collection technique in this study was carried out with documentation studies, namely by studying, classifying, and analyzing secondary data in the form of records, financial statements on food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (Bei) in 2018-2020 taken from the official website of the Indonesia Stock Exchange, namely [Www.Idx.Co.Id](http://www.idx.co.id).

Results and Discussion

Based on the data obtained, it can be known the development of food and beverage sub-sector companies as follows:

Table 1. Pbv (*Price Book To Value*) Food And Beverage Companies Listed on the Indonesia Stock Exchange in 2018–2020

No	Company Name	Pbv (<i>Price To Book Value</i>)			Average
		2018	2019	2020	
1	Alto	2.29	2.18	2.32	2.26
2	Ceka	0.89	0.77	0.88	0.84
3	Dlta	3.75	3.15	3.01	3.30
4	Icbp	4.83	4.38	2.14	3.78
5	INDF	1.19	1.04	0.75	0.99
6	Mlbi	40.24	27.58	16.92	28.24
7	Myor	7.45	4.2	5.2	5.61
8	Psdn	1.03	0.91	1.1	1.01
9	Bread	2.6	2.56	2.6	2.59
10	Skbm	0.15	0.62	0.6	0.45
11	Sklr	3.16	2.92	3.92	3.33
12	Sttp	3.08	4.39	4.29	3.92
13	Ultj	3.01	2.75	3.68	3.14
Average		5,66	4,41	3,64	4,57

Source : Data Processed (2022)

From this data, it can be seen that the value of pbv (*price to book value*) is inconsistent, judging from the ups and downs of the pbv (*price to book value*) value

for each year, with an average of 3-6% of the pbv (*price to book value*) value of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange.

Table 2. *Current Ratio* (Cr) of food and beverage companies listed on the Indonesia Stock Exchange in 2018-2020

No	Company Name	(Cr) <i>Current Ratio</i>			Average
		2018	2019	2020	
1	Alto	0.76	0.88	0.83	0.82
2	Ceka	5.11	4.8	4.66	4.86
3	Dlta	7.2	8.05	7.5	7.58
4	Icbp	1.95	2.54	2.25	2.25
5	INDF	1.07	1.27	1.37	1.24
6	Mlbi	0.78	0.73	0.89	0.8
7	Myor	2.66	3.43	4.11	3.4
8	Psdn	1.02	0.76	0.82	0.87
9	Bread	3.57	1.69	2.94	2.73
10	Skbm	1.39	1.33	1.31	1.34
11	Sklr	1.22	1.29	1.65	1.38
12	Sttp	1.85	2.85	4.22	2.97
13	Ultj	4.4	4.44	3.05	3.96
Average		2,54	2,62	2,71	2,62

Source: Processed Data (2022)

From this data, it can be seen that the *current ratio* of food and beverage manufacturing companies listed on the Indonesia Stock Exchange is quite stable, as seen by the average *current ratio* of companies increasing for each year, which is 2-2.6%.

Table 3. Roa (*Return On Asset*) Food and Beverage Company Listed on the Indonesia Stock Exchange in 2018-2020

No	Company Name	Roa (<i>Return On Asset</i>)			Average
		2018	2019	2020	
1	Alto	0.76	0.88	0.83	0.823
2	Ceka	7.93	15.47	11.61	11.67
3	Dlta	22.19	22.29	10.12	18.2
4	Icbp	13.31	13.02	6.36	10.89
5	INDF	3.73	5.1	3.96	4.26
6	Mlbi	42.38	41.62	1.82	28.61
7	Myor	9.76	10.44	10.42	10.21
8	Psdn	-2.24	-6.2	-5.06	-4.5
9	Bread	3.93	6.43	4.83	5.06
10	Skbm	0.78	0.23	0.58	0.53
11	Sklr	4.3	5.69	5.49	5.16
12	Sttp	9.7	16.75	8.94	11.79
13	Ultj	12.56	15.62	12.56	13.58
Average		9,93	11,33	5,58	8,94

Source: Processed Data (2022)

From this data, it can be seen that the return on assets of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange is not stable enough, as seen by the average *return on assets* of companies that increase for each year, which is 4-14%.

Classical Assumption Test Results

Normality Test

Data normality tests are performed to see in regression models that independent variables and their dependents have a normal distribution or not. If the data spreads around the diagonal line and follows the direction of the diagonal line then the regression model meets the assumption of normality. The criteria for determining whether or not the data is normal, then it can be seen in the probability value. Through normality using p-plot graphs. The basis for decision making in detecting normality is that if the data spreads around the diagonal

line and or does not follow the direction of the diagonal line, then the regression model meets the normality test principle. But, if the data spreads far from the diagonal line or does not follow the direction of the diagonal line, then the regression model does not meet the assumption of the normality test.

Normal P-P Plot of Regression Standardized Residual

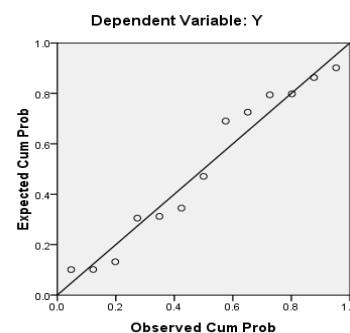


Figure 1. Normality Test Results

Based on the results of the spss output on the normal *P-P-plot of regression standardized residual*, it can be seen that the

data taken spreads and follows around the diagonal line which explains that the data distribution is normal so that the normality test in this study is met.

Multicholnearity Test Results

The results of the multicollinearity test that have been used in this study can be described in the table as follows:

Table 4. Coefficients Multicholnearity Test Results ^a

Type	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	Vif
1 (Constant)	2.970	1.261		2.356	.040		
X1	-2.304	.404	-.628	-5.707	.000	.833	1.201
X2	.857	.093	1.012	9.205	.000	.833	1.201

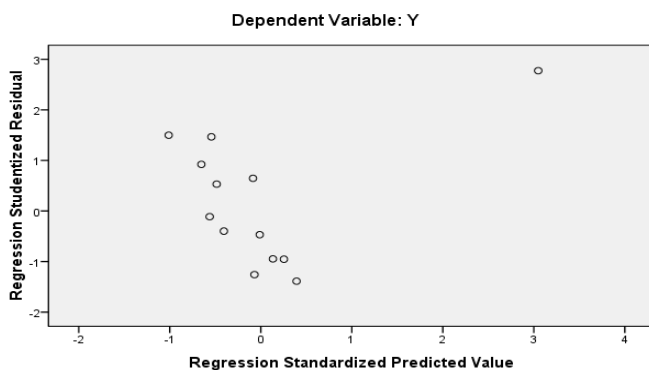
Source : Data Processed (2022)

Based on the output results from the spss regarding the results of the multicholnearity test, it can be concluded that there is no multicholnearity because in the *coefficients* table above it is explained that the coefficient < 10.

Heteroskedasticity Test Results

The results of the heteroskedasticity test that have been used for this study can be seen with the following figure:

Scatterplot



Based on the results of the spss output in the *scatterplot* picture above, it can be explained that the spread of data points in the plot does not indicate the existence of a pattern that forms a certain pattern, so it can be concluded that this study is free from multicholnearity.

Multiple Linear Regression Test Results

The regression equation model can be seen as the result of multiple linear regression with multiple linear regression tests in the following table:

Figure 2. Heteroskedasticity Test Results**Table 5.** Coefficients^A Multiple Linear Regression Test Results

Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.437	1.301		2.641	.025
	X1	-2.347	.424	-.639	-5.536	.000
	X2	.836	.095	1.013	8.771	.000

A. Dependent Variable: Y

Based on the table sourced from the spss output results on *coefficients* describes the regression persaman namely: $Y = 3.437 - 2.347 \times X_1 + 0.836 \times X_2$

The result of the regression equation from multiple linear regression analysis is the value of the constant (A) marked positive, which is 3.437 meaning that if the *current ratio* and *return on assets*, equal to zero (0) then the value of the company increases. The value of the *current ratio* regression coefficient (x_1) is -2.347 and the value of the *return on asset* regression

coefficient (x_2) is 0.836. The results of the study on the value of the *Return On Asset* Regression Coefficient (X_2) are greater than the value of the *Current Ratio* Regression Coefficient (X_1), so the dominant influence on the value of the company proxied by Pbv (*Price Book To Value*).

Hypothesis Test Results

Correlation Coefficient Test Results (R^2)

The results of the correlation coefficient test (R^2) are described in the table as follows:

Table 6. Summary Model Correlation Coefficient Test Results ^b

Type	R	R Square	Adjusted R Square	Std. Error Of The Estimate	Durbin-Watson
1	.944 ^A	.890	.868	2.63700	1.505

A. Predictors: (Constant), X_2 , X_1

The results show that the *summary model* is worth an *adjusted R square* of 0.868 or 86.8% which means that the independent variable affects the dependent variable and the rest is influenced by other factors.

Current Ratio Correlation Test Results (X_1) to Company Value (Y)

Based on the correlation results of the SPSS output, it can be explained through the *current ratio* correlation table (x_1) to the company value (y), namely:

Table 7. Test Results T Coefficients^A

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Type		B	Std. Error	Beta		
1	(Constant)	3.437	1.301		2.641	.025
	X1	-2.347	.424	-.639	-5.536	.000
	X2	.836	.095	1.013	8.771	.000

A. Dependent Variable: Y

To find out whether the variable of the *current ratio* has an effect or not on the variable value of the company, a t is used based on the criteria with a significance level of 0.05 obtained a table t value of 1.77 as follows:

- If the value of t counts > t table, then H_0 is rejected and H_1 is accepted.
- What if the value of t counts < t table, then H_0 is accepted and H_1 is rejected.

Based on the output results from the Spss application, a calculated t value for the variable *current ratio* of $-0.639 < t$ table of

1.77 was obtained, then H_0 was accepted and H_1 was rejected. This means that the *current ratio* partially has little effect on the value of the company.

Return On Asset Correlation Test Results (X_2) To Company Value (Y)

Based on the correlation results of the spss output, it can be explained through the correlation table of *return on assets* (x_2) to company value (y), namely:

Table 8. Test Results T Coefficients^A

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Type		B	Std. Error	Beta		
1	(Constant)	3.437	1.301		2.641	.025
	X1	-2.347	.424	-.639	-5.536	.000
	X2	.836	.095	1.013	8.771	.000

A. Dependent Variable: Y

To find out whether the variable of *return on asset* has an effect or not on the variable value of the company, a t is used based on criteria with a significance level of 0.05 obtained a table t value of 1.77 with the following criteria:

- If the value of t counts > t table, then H_0 is rejected and H_1 is accepted.
- If the value of t counts < t table, then H_0 is accepted and H_1 is rejected.

Based on the output results from the Spss application, a calculated t value for the

motivation variable of $8.771 > t$ table of 1.77 was obtained, then H_0 was rejected and H_1 was accepted. This means that the *return on assets* partially has an influence on the value of the company.

Effect of Current Ratio (X_1) and Return On Asset (X_2) on Company Value (Y)

Based on the hypothesis test results of the spss output with the F test in this study can be explained through the following table:

Table 9. F Anova^b Test Results

Type		Sum Of Squares	Df	Mean Square	F	Sig.
1	Regression	563.822	2	281.911	40.541	.000 ^A
	Residual	69.538	10	6.954		
	Total	633.360	12			

A. Predictors: (Constant), X₂, X₁

B. Dependent Variable: Y

The results of the F test determine whether there is an effect of *current ratio* (x₁) and *return on assets* (x₂) whether or not it affects the value of the company (y), with a significant level of 0.05 obtained a table F value of 3.81 with the following criteria:

A. If the value of t counts > t table, then H₀ is rejected and H₁ is accepted.

b. What if the value of t counts < t counts, then h₀ is accepted and h₁ is rejected. Based on the output results of the Spss application, it shows that F is calculated at 40.541 > F Table 3.81 then H₀ is rejected and H₁ is accepted. This means that the *current ratio* (x₁) and *return on assets* (x₂) together affect the value of the company.

CONCLUSION

Based on the results of the study which aims to determine "The Effect of Current Ratio and Return on Assets on Company Value in Food and Beverage Sub-Sector Manufacturing Companies", the following conclusions can be obtained: (1) Based on the results of the hypothesis test on the T test on the *Current Ratio* variable, there is a calculated T value of -0.639 < t table of 1.77 then H₀ Accepted and H₁ rejected. This means that the *current ratio* partially has a small influence on the value of the company which is proxied by the *price book to value*; (2) Based on the results of the hypothesis test of the t test on the *retrn variable on asset* there is a calculated t value of 8.771 > t table of 1.77 then H₀ is rejected

and H₁ is accepted. This means that the *return on assets* partially has an influence on the value of the company which is proxied by the *price book to value*; (3) Based on the results of the hypothesis test of the F test on the variables *current ratio* and *return on assets*, there is a calculated F value of 40.541. Based on the output results of the Spss application, it shows that F calculates 40.541 > F table of 3.81, the *current ratio* and *return on assets* together affect the value of the company which is proxied with the *price book to value*; (4) Based on the results of the correlation coefficient test (R²) the *adjusted R Square* value is 0.868 or 86.8%, which means that the *current ratio* and return on asset variables affect employee performance by 86.8% and the rest is influenced by other factors, such as *return on equity*, *net profit margin* and so on.

SUGGESTION

Based on the conclusions of the research results above, the author can give suggestions that may be useful, namely as follows: (1) Further research is expected to add variables of factors that affect the value of the company that is proxied by the *price book to value*; (2) Further research is expected to use more samples with more diverse characteristics from different sectors, so that it will get better results.

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