



Analyzing the Relationship Between Current Ratio and DER

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Abstract

This study aims to examine the effect of Current Ratio and Total Asset Turnover ratio on Solvency ratio, namely Debt to Equity ratio for the period 2011-2021. This research method is descriptive quantitative by conducting classical assumption tests, hypothesis testing, multiple linear regression analysis and coefficient of determination analysis using the SPSS version 26 application. The results of this study are partially, Current Ratio (CR) has no significant effect on Debt to Equity Ratio (DER) at PT Indofood Sukses Makmur, Tbk for the period 2011-2021. Total Asset Turnover (TATO) has a significant effect on Debt to Equity Ratio (DER) at PT. Indofood Sukses Makmur, Tbk for the period 2011-2020. Simultaneously Current Ratio and Total Asset Turnover (TATO) have a significant effect on Debt To Equity Ratio (DER) at PT. Indofood Sukses Makmur, Tbk for the period 2011-2021. The Coefficient of Determination as measured by the Adjusted R Square value is 0.576 or 57.6%, so that the contribution of Current Ratio and Total Asset Turnover is 57.6% to the Debt to Equity Ratio, while the remaining 42.4% is influenced by other variables not examined in this study.

Keywords: current ratio, tattoo, debt to equity ratio

Introduction

Manufacturing companies are one of the industries that have a high existence and contribute fully to the economy in Indonesia compared to other industries. This is because manufacturing companies have a large market share and manufacturing companies are industries whose products are needed by many people. Because the products of manufacturing companies are needed by many people, manufacturing companies have business competition which causes companies to be smart and wise in managing the company's working capital.

PT Indofood Sukses Makmur Tbk is engaged in the manufacture of noodles and food ingredients, culinary food products, biscuits, snacks, nutrition and special foods, packaging, trade, transportation, warehousing and cold storage, management services and research and development. Every year PT Indofood Sukses Makmur Tbk must control promotional costs so that the promotional costs incurred for product promotion do not cost too much which is a waste of the company and so that the sales level does not decrease. PT. Indofood Sukses Makmur Tbk distributes in accordance with the target market, the products produced must meet consumer interests.



Solvency ratio in this study proxied by Debt to Equity Ratio is a ratio that describes the ability of a company to fulfill all obligations. The greater the Debt to Equity Ratio, the smaller the ability of a company to pay dividends. This is because there is an interest and loan that must be paid by the company. This ratio is commonly used to determine what part of own capital is used as collateral for the overall debt of the company and to assess how much debt the company has used. According to Cashmere (2017: 157-158) debt to equity ratio is a ratio used to assess debt with equity. This ratio is sought by comparing all debt, including current debt with all equity.

Liquidity ratio in this study is proxied by current ratio. Current ratio is a ratio that describes the ability of a company to meet its short-term obligations (current debt) (Gumanti et al, 2018: 112). The increasing current ratio can increase shareholders' confidence that the dividends that will be distributed will be in accordance with the expectations of shareholders.

Current Ratio (CR) is a measure used to determine the company's ability to meet short-term obligations, because this ratio shows how far the demands of short-term creditors are the same as debt maturity (Sawir 2015). Current Ratio was chosen because the level of company liquidity is highly considered by investors, high short-term company liquidity will give investors confidence in the company's ability to pay dividends, (Malinggato, et al, 2018).

Total asset turnover (TATO) shows how effectively the company uses all assets to increase sales value and increase profits. Total asset turnover (TATO) according to Lukman Syamsuddin (2011), is the turnover of company assets with the level of efficiency of the use of all company assets which can be seen through sales volume. The reason for choosing this ratio is because the company's effectiveness in generating sales by using its assets will be shown through the calculation of TATO. Meanwhile, according to Fahmi (2013), "This total asset turnover ratio sees the extent to which all assets owned by the company are effectively rotated.

Debt To Equity Ratio is a ratio used to measure how much debt burden the company must bear in order to fulfill capital. According to Kasmir (2018: 157) Debt To Equity Ratio is a ratio used to assess debt with equity, this ratio is sought by comparing all debt including current debt with all equity.

The following is the Current Ratio (CR), Total Asset Turnover (TATO) to the solvency ratio (DER) at PT. Indofood Sukses Makmur Tbk, Period 2011 – 2021:

Table 1. Current Ratio Movement at PT. Indofood Sukses Makmur Tbk for the 2011–2021 period

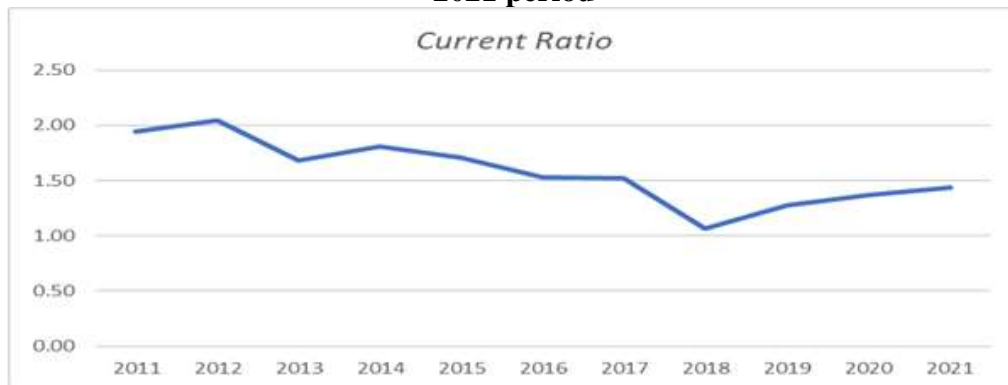
YEAR	CURRENT ASET (in million rupiah)	CURRENT LIABILITIES (in million rupiah)	CR %
2011	24.608.559	12.670.150	1,94
2012	26.235.990	12.805.200	2,05
2013	32.772.095	19.471.309	1,68
2014	41.014.127	22.658.835	1,81
2015	42.816.745	25.107.538	1,71
2016	29.469.623	19.219.441	1,53
2017	32.948.131	21.637.763	1,52
2018	33.272.618	31.204.102	1,07
2019	31.409.445	24.686.862	1,27



2020	38.418.238	27.975.875	1,37
2021	43.413.704	30.180.562	1,44

Source: Financial Report of PT Indofood Sukses Makmur Tbk

Figure 1. Current Ratio Movement at PT. Indofood Sukses Makmur Tbk for the 2011-2021 period



Source: Financial Report of PT Indofood Sukses Makmur Tbk

From table 1. and graph 1, it can be seen that the Current Ratio (CR) of PT Indofood Sukses Makmur Tbk, 2011-2021 period fluctuates and tends to decrease. CR in 2011 amounted to 1.94% then experienced an increase in 2012 to 2.05%, but in 2013 it decreased to 1.68%, the following year 2014 increased to 1.81%, then in 2015 it decreased to 1.71% and in 2016 it also decreased to 1.53%, then in 2017 it decreased to 1.52%, then in 2018 it decreased to 1.07%, then in 2019 it increased to 1.27%, then in 2020 it increased to 1.37%, then the following year, 2021, it increased again, namely 1.44%. So from the CR data that has been processed for 11 consecutive years from 2011-2021, the highest CR was in 2012, which reached 2.05%. Therefore, it can be said that the company experienced fluctuations during the study year, which could be due to a decrease in the company's productivity seen from the company's income. A low CR means that the company's ability to pay its short-term obligations has not been maximized.

Table 2. Movement of Total Asset Turnover (TATO) at PT. Indofood Sukses Makmur Tbk for the period 2011 – 2021

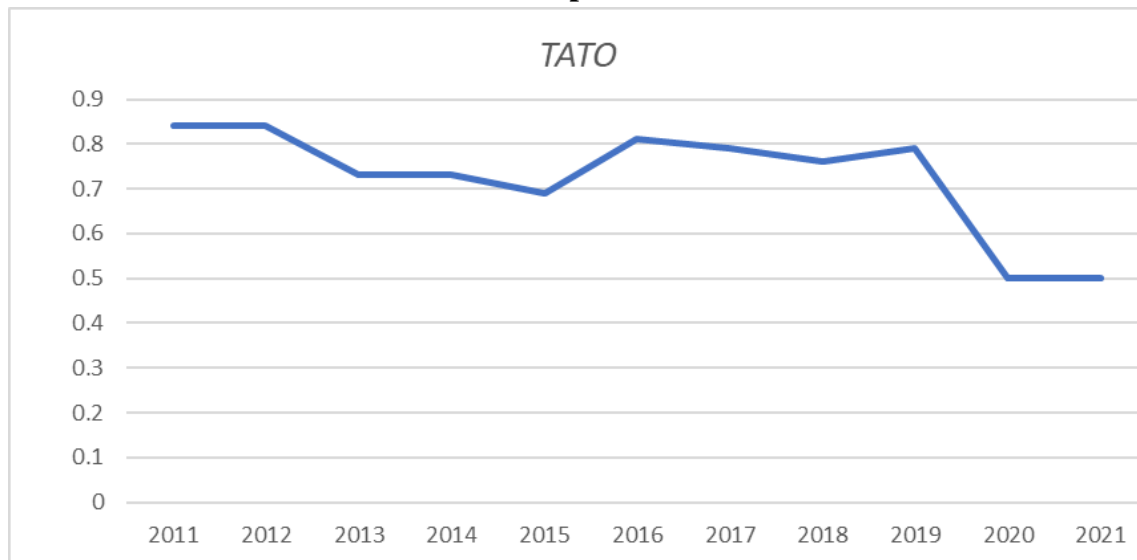
YEAR	Net Sales (in million rupiah)	Total Assets (in million rupiah)	Tato	%
2011	45.332.256	53.585.933	0,845973065	0,84
2012	50.059.427	59.324.207	0,843828001	0,84
2013	57.731.998	78.092.789	0,739274378	0,73
2014	63.594.452	85.938.885	0,739996243	0,73
2015	64.061.947	91.831.526	0,697602989	0,69
2016	66.750.317	82.174.515	0,812299495	0,81



2017	70.186.618	87.933.488	0,798178482	0,79
2018	73.394.728	96.537.796	0,760269356	0,76
2019	76.592.995	96.198.559	0,79619649	0,79
2020	81.731.469	163.136.516	0,501000457	0,5
2021	99.345.618	179.356.193	0,553901242	0,5

Source: Financial Report of PT Indofood Sukses Makmur Tbk

Figure 2. Current Ratio Movement at PT. Indofood Sukses Makmur Tbk for the 2011-2021 period



Source: Financial Report of PT Indofood Sukses Makmur Tbk

Based on graph 2 above shows the TATO turnover, where from 2011-2021 it experienced fluctuations that tended to decrease. In 2016 it increased to 0.81, and in 2017-2019 it decreased to 0.79. 2020-2021 tends to stabilize at 0.5.

Table 3. Movement of Debt to Equity Ratio at PT. Indofood Sukses Makmur Tbk for the period 2011 – 2021

YEAR	NET PROFIT (in(million rupiah)	EQUITY (million rupiah)	DER	In
2011	45.332.256	31.601.228	143	036
2012	50.059.427	34.140.237	147	038
2013	57.731.998	37.891.756	152	042
2014	63.594.452	40.274.198	158	045
2015	64.061.947	43.121.593	149	039
2016	66.750.317	44.335.263	151	04



2017	70.186.618	47.102.766	149	039
2018	73.394.728	49.916.800	147	038
2019	76.592.955	54.202.488	141	034
2020	81.731.469	79.138.044	103	0,03
2021	99.345.618	81.928.715	121	019

Source: Financial Report of PT Indofood Sukses Makmur Tbk

Figure 3. Movement of Debt to Equity Ratio at PT Indofood Sukses Makmur Tbk for the 2011-2021 period



Source: Financial Report of PT Indofood Sukses Makmur Tbk

Based on table 3 and graph 3 above, it can be seen that the movement of the Debt to Equity Ratio of PT Indofood Sukses Makmur Tbk from 2011 to 2021 has fluctuated but tends to decrease from 2016 and 2020. From 2013 to 2014 there was an increase where the increase in total liabilities exceeded total equity. This caused the total liabilities of PT Indofood Sukses Makmur Tbk to decrease.

Method

This research is quantitative research, where this research requires statistical analysis tests to test existing hypotheses. The object of research is the company PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) which provides information on the company's financial statements by accessing the official website of the Indonesia Stock Exchange through the website www.idx.co.id during the period 2011-2021. The population in this study were all financial reports from PT Indofood Sukses Makmur Tbk and the sample in this study were the financial statements of PT Indofood Sukses Makmur Tbk for the period 2011 - 2021 which consisted of balance sheet and profit and loss statements. The data collection technique of this research is from documentation research in libraries and on the internet, and the sources of this research are literatures such as articles, journals, books, and



previous research that have links to the title of the researcher. The data analysis method in this study is to use multiple regression and is carried out using the SPSS Version 26 application.

Results and Discussion

Descriptive Statistical Analysis

Statistical analysis is carried out with the aim of obtaining data by describing the data that has been collected without making conclusions first. Descriptive statistics are used to show the amount of data (N) used in this study and can show the maximum, minimum, average value (mean) and can show the value of each variable (Standard Deviation) studied, including Cash Turnover, Total Assets, and Return On Asset.

Table 4. Results of Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CR	11	,06	,71	,4382	,19151
TATO	11	,50	,84	,7255	,12078
DER	11	,03	,45	,3391	,12218
Valid N (listwise)	11				

Source: Output SPSS 26

Based on table 4 above shows that the amount of data (N) is 11 data. The Current Ratio variable has the lowest value (minimum) of 0.06 and the highest value (maximum) of 0.71, while the average value (mean) is 0.4382. The standard deviation value is 0.19151.

The Total Asset Turnover variable has the lowest (minimum) value of 0.50 and the highest (maximum) value of 0.84, while the average (mean) value is 0.7255. The standard deviation value is 0.12078.

The Debt to Equity Ratio has the lowest (minimum) value of 0.03 and the highest (maximum) value of 0.45, while the average (mean) value is 0.3391. The standard deviation value is 0.12218.

The standard deviation value is smaller than the mean value, meaning that the mean value is a good representation of the overall data.

Classic assumption test

By using the classical assumption test, we can find out the extent of the accuracy of the regression analysis results, and it is used to assess whether or not there can be results that have been carried out. The classic assumption test consists of normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test.

Normality test

The normality test is a way to see whether the residual value is normally distributed or not. So the normality test is not carried out on each variable but on the residual value. Normality tests can be done with the histogram test, PPlot normal test. Skewness and kurtosis or

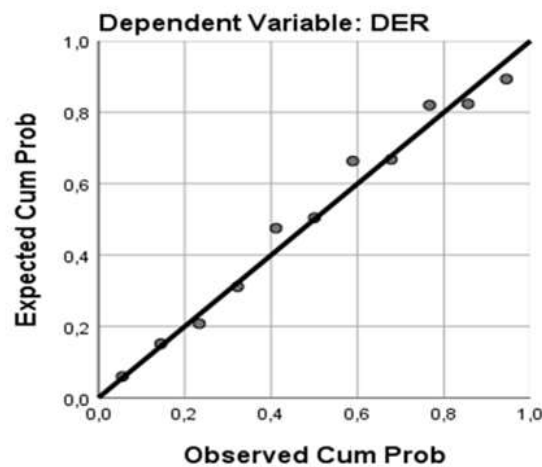


Kolmogorov-Smirnov test. It is said to be normal if the resulting residual value is above the specified significant value (Kurniawan, 2014: 156). The results of the normality assumption test are presented in the following table:

Residual P-P (Plot Of Regression Standardized) Graphic Method

Figure 4. Normal P-P Plot of Regression Standardized Residual

Normal P-P Plot of Regression Standardized Residual



Source: SPSS 26 calculation results

By looking at the results of the P-P Plot in Figure 4, it can be seen that the points follow the diagonal line, it can be concluded that in the regression model the graphic analysis is said to be normal

One Sample Kolmogorov-Smirnov Test

The One Sample Kolmogorov-Smirnov test is used to determine the distribution of data, whether it follows a normal, Poisson, uniform, or exponential distribution. In this case, to determine whether the residual distribution is normally distributed or not. Residuals are normally distributed if the significant value is more than 0.05.

Table 5. Kolmogorov-Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnovw Test		
		Unstandardized Residual
N		11
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.07114762
Most Extreme Differences	Absolute	.136
	Positive	.091
	Negative	-.136



Test Statistic	.136
Asymp. Sig. (2-tailed)	.200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: SPSS 26 calculation results

From table 5 above Asymp. Sig. (2-tailed) shows a value of 0.2 which is greater than 0.05. So that the Kolmogorov-Smirnov test is normally distributed. Therefore, the data set can be analyzed by regression analysis.

Multicollinearity Test

The Multicollinearity test aims to see whether or not there is a high correlation between the independent variables in a multiple linear regression model and to avoid habits in making conclusions about the effect of each independent partial test on the dependent variable. One of the criteria for detecting multicollinearity in a model is if the Variance Inflation Factor (VIF) value is not more than 10 and the Tolerance value is not less than 0.1, then the model can be said to be free from multicollinearity. The higher the VIF, the higher the Tolerance (Kurniawan, 2014: 157). The multicollinearity test results can be seen in the following table:

Table 6. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	t		Tolerance	VIF
1 (Constant)	-,259	,153		-1,688	,130		
CR	,055	,138	,087	,400	,699	,902	1,108
TATO	,791	,219	,782	3,607	,007	,902	1,108

a. Dependent Variable: DER

Source: SPSS 26 calculation results

Based on table 6 of the multicollinearity test results above, it can be seen that the Tolerance value for Current Ratio data is $0.902 > 0.100$ and the VIF value is $1.108 < 10.00$. The Tolerance value for TATO is $0.902 > 0.100$ and the VIF value is $1.108 < 10.00$. So it can be explained that there are no symptoms of multicollinearity

Autocorrelation Test

Autocorrelation test is a statistical analysis conducted to determine whether there is a correlation of variables in the prediction model with changes in time. Therefore, if the autocorrelation assumption occurs in a prediction model, the disturbance value is no longer paired independently, but paired autocorrelated. The results of the autocorrelation test using SPSS 26 can be seen in the following table:



Table 7. Durbin-Watson Auto Correlation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.813 ^a	.661	.576	,07955	1,288

a. Predictors: (Constant), TATO, CR

b. Dependent Variable: DER

Source: SPSS 26 calculation results

Based on the test results in table 7 above, that the autocorrelation test is Durbin-Watson (DW) value = 1.288
 The dU value in the table = 1.6044
 The dL value in the table = 0.7580
 $4-dU = 4 - 1.6044 = 2.3956$

$dL \leq D\text{-Whitung} \leq 4-dU$: $0.7580 < 1.288 < 2.3956$, the Dw calculation results cannot be decided, so the researcher strengthens the autocorrelation test results using the Run Test. The Run Test decision making is if the Asymp.sig (2-tailed) value is smaller than 0.05 then there are symptoms of autocorrelation. However, if the Asymp.sig (2-tailed) value is greater than 0.05, there are no autocorrelation symptoms. The results can be seen in the following table:

Run Test is a non-parametric analysis that can be used to test whether the residuals are highly correlated. If there is no correlation between correlations, it is said that the residual value is random or random. The Run Test is used to see whether the residual data occurs randomly or not (systematically).

Table 8. Autocorrelation Test Results (Run Test)

Runs Test	
	Unstandardized Residual
Test Value ^a	,00087
Cases < Test Value	5
Cases >= Test Value	6
Total Cases	11
Number of Runs	6
Z	,000
Asym. Sig (2-tailed)	1,000

a. Median

Source: SPSS 26 calculation results

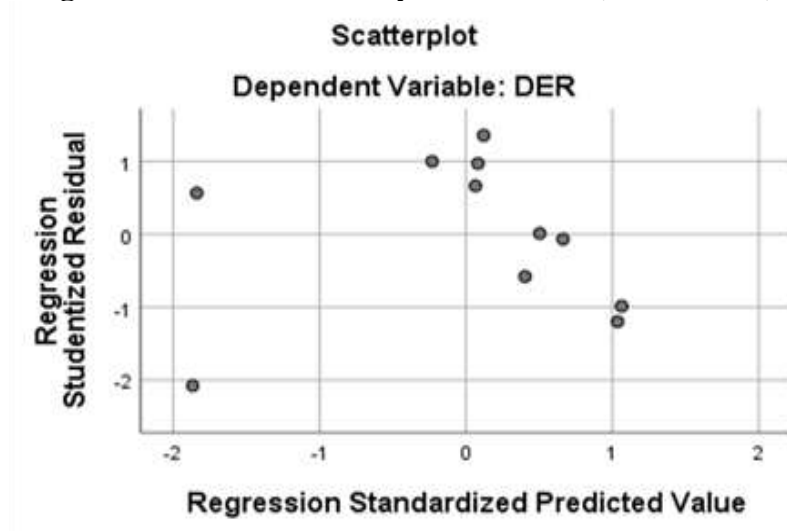


Based on table 8 above, the run test results show that Asymp.Sig. (2-tailed) with a value of 1.000 means greater than 0.05. So it can be concluded that there is no autocorrelation and the research can be continued.

Heteroscedasticity Test

Heteroscedasticity test is used to determine whether in the regression model there is an inequality of variance from residual data to other observations. To determine the presence or absence of symptoms of heteroscedasticity, you can see the scatter plot graph. The following is a heteroscedasticity test:

Figure 6. Heteroscedasticity Test Results (Scatter Plot)



Source: SPSS 26 calculation results

The basis of the analysis of the scatter plot is as follows (Ghozali, 2018):

- If there is a certain pattern, such as the points forming a regular pattern (wavy, widening then narrowing), it indicates heteroscedasticity.
- If there is no clear pattern, and the dots spread above and below zero on the Y axis, there is no heteroscedasticity.

Based on the scatter plot image above, it shows that the distribution of points is random, and the points spread above and below zero on the Y axis, meaning there is no heteroscedasticity. Then the research can be continued.

Multiple Linear Regression Analysis

This analysis is used to determine the effect of the independent variable on the dependent variable. The independent variable consists of Current Ratio and Total Asset Turnover. While the dependent variable is Debt to Equity Ratio. The following are the calculation results of the multiple regression test.



Table 9. Multiple linear regression

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,259	,153		-1,688	,130
CR	,055	,138	,087	,400	,699
TATO	,791	,219	,782	3,607	,007

a. Dependent Variable: DER

Source: SPSS 26 calculation results

Based on table 9 above from multiple linear regression, the following regression equation is obtained:

$$Y = -0,259 + 0,055 (\text{Current Ratio}) + 0,791 (\text{TATO})$$

The multiple linear regression results indicate that the equation has a constant value of -0.259, suggesting that when the independent variables (Current Ratio and TATO) are held constant, the dependent variable, Debt to Equity Ratio, changes by -0.259. The Current Ratio variable has a coefficient of 0.055, meaning that if the Current Ratio increases by one unit, the Debt to Equity Ratio will increase by 0.055, with other variables held constant. Similarly, the TATO variable has a coefficient of 0.791, indicating that if TATO increases by one unit, the Debt to Equity Ratio will increase by 0.791, with other variables held constant.

Hypothesis testing

Partial Test (T Test)

The t test was carried out to determine whether the independent variables, namely Current Ratio and TATO partially (individually), had a significant influence or not on the dependent variable, namely Debt to Equity Ratio. The test conditions are as follows:

- If $t_{count} < t_{table}$ and $p\text{-value} > 0.05$ then H_0 is accepted, meaning that one of the independent variables does not affect the dependent variable.
- If $t_{count} > t_{table}$ and $p\text{-value} < 0.05$ then H_0 is rejected, meaning that one of the independent variables does not affect the dependent variable.

Table 10. T Test Results (Partial)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,259	,153		-1,688	,130
CR	,055	,138	,087	,400	,699
TATO	,791	,219	,782	3,607	,007

a. Dependent Variable: DER

Source: SPSS 26 calculation results



In this study, a significance criterion of 5% or $0.05/2 = 0.025$ (two-sided test) was used with a $df = 8$ value, so a t table of 2.3060 was obtained. Based on the table above, it can be concluded regarding the partial hypothesis test results for each independent variable as follows:

Effect of Current Ratio (X) on Debt to Equity Ratio (Y)

Based on the test results in the table above, the Current Ratio variable obtained a t count value of 0.400, which means $t_{count} < t_{table}$ ($0.400 < 2.3060$) and a significance value of $0.699 > 0.05$. Thus, H_0 is accepted and H_{a1} is rejected, this shows that partially the Current Ratio has no effect and is not significant on the Debt to Equity Ratio

Effect of Total Asset Turnover (X) on Debt to Equity Ratio (Y)

Based on the test results in the table above, the Total Asset Turnover variable obtained a t count value of 3.607, which means $t_{count} > t_{table}$ ($3.607 > 2.30600$) and a significant value of $0.007 < 0.05$. Thus, H_0 is rejected and H_{a2} is accepted, this shows that partially TATO has a significant and significant effect on the Debt to Equity Ratio

Simultaneous Test (F test)

The f test is carried out to test whether all independent variables, namely Current Ratio and Total Asset Turnover, have a joint influence on the dependent variable, namely Debt to Equity. In this study, a significance criterion of 5% (0.05) was used by comparing the value of F_{count} with F_{table} with the degree of freedom, namely the degree of numerator (df_1) = 8

The following are the results of the f test using SPSS testing

Table 11. F Test Results (Simultaneous)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,099	2	,049	7,797	.013b
	Residual	,051	8	,006		
	Total	,149	10			

a. Dependent Variable: DER

b. Predictors: (Constant), TATO, CR

Source: SPSS 26 calculation results

Based on table 11 of the F test above, it shows that F_{count} is 7.797 and F_{table} is 4.459, which means $F_{count} > F_{table}$ ($7.797 > 4.459$) and a significant value of $0.013 < 0.05$. Thus, H_0 is rejected and H_{a3} is accepted, this shows that Current Ratio and Total Asset Turnover have a significant effect on Debt to Equity Ratio.

Test Coefficient of Determination (R²)

The Coefficient of Determination (R^2) is used to measure how far the model's ability to explain the dependent variable. The results of the coefficient of determination test between Current Ratio and Total Asset Turnover on Debt to Equity Ratio. Can be seen in the table below:

Table 12. Determinance Coefficient Test (R²)

Model	R	R Square	Adjusted RSquare	Std. Error of theEstimate
1	.813 ^a	.661	.576	,07955

a. Predictors: (Constant), TATO, CR

b. Dependent Variable: DER

Source: SPSS 26 calculation results

Based on table 12 above, it shows that the Adjusted R Square value is 0.576 or 57.6%, so Current Ratio and Total Asset Turnover contribute 57.6% to Debt to Equity Ratio, while the remaining 42.4% is influenced by other variables not examined in this study.

Discussion

The results of tests that have been carried out in this study such as the classical assumption test, simple regression test, multiple linear regression test, correlation coefficient test, determination coefficient test (adjuster R²), t test, f test, on the dependent variable and also the independent variable of research on PT Indofood Sukses Makkur Tbk in 2011-2021. The results of the influence shown on the Current Ratio and Total Asset Turnover variables on the Debt to Equity Ratio will be explained further in the discussion below.

Effect of Current Ratio (CR) on Debt to Equity Ratio (DER)

The results of research obtained regarding the effect of Current Ratio on Debt to Equity Ratio at PT. Indofood Sukses Makmur, Tbk for the period 2011-2021. Shows that tcount 0.400 < ttable 2.30600. From the results of this study obtained a significant value of Current Ratio of 0.699 > 0.05, that Ho is accepted and Ha is rejected. Based on this value, it can be concluded that the Current Ratio partially has no significant effect on the Debt to Equity Ratio at PT Indofood Sukses Makmur. This is in line with previous research, namely according to Danang Choirul Umam (2019) there is no effect and insignificance between Curent Ratio on DER.

The Effect of Total Asset Turnover (TATO) on Debt to Equity Ratio (DER)

The results obtained regarding the effect of Total Asset Turnover on Debt to Equity Ratio of PT. Indofood Sukses Makmur, Tbk for the period 2011-2021. Shows that the tcount value is 3.607 > table 2.30600. And based on the t test obtained a significant value of TATO 0.007 > 0.05) that Ho is rejected and H3 is accepted. Based on this value, it can be concluded that Total Asset Turnover has a significant effect on Debt to Equity Ratio at PT Indofood Sukses Makmur. This is in line with previous research According to Feibe (2017) shows that TATO has a positive and significant effect on DER in retail trade sub-sector companies listed on the IDX.

Effect of Current Ratio and Total Asset Turnover on Debt to Equity Ratio

The research results obtained regarding the effect of Current Ratio and TATO on Debt to Equity Ratio of PT Indofood Sukses Makmur, Tbk for the period 2011-2021. The results of the F test displayed in the table above show that Fcount 7.797 > 4.459. With a significance level



of $0.013 > 0.05$. This means that simultaneously Current Ratio and TATO have no significant effect on Debt to Equity Ratio at PT. Indofood Sukses Makmur. This is in line with previous research According to Muhammad Iffat Fadhil (2019), it shows that CR and TATO together have a significant effect on DER in Automotive and Component Sector companies.

Conclusion

Based on the data analysis and discussion from the previous chapter, the conclusions drawn from this research are as follows: Partially, the study shows that the Current Ratio (CR) has no significant effect on the Debt to Equity Ratio (DER) at PT Indofood Sukses Makmur, Tbk for the period 2011-2021, which aligns with Danang Choirul Umam (2019) who found that the Current Ratio variable has no effect and is not significant to Debt to Equity. Conversely, the study reveals that Total Asset Turnover (TATO) has a significant effect on the Debt to Equity Ratio (DER) at PT Indofood Sukses Makmur, Tbk for the 2011-2020 period, consistent with Feibe (2017) who showed that TATO has a positive and significant effect on DER in retail trade sub-sector companies listed on the IDX. Additionally, the research demonstrates that simultaneously, the Current Ratio and Total Asset Turnover (TATO) significantly affect the Debt to Equity Ratio (DER) at PT Indofood Sukses Makmur, Tbk for the period 2011-2021, supporting Muhammad Iffat Fadhil (2019) who found that CR and TATO together have a significant effect on DER in Automotive and Component Sector companies.

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