



Effect of Current Ratio (CR) and Debt to Asset (DAR) on Return On Assets (ROA) PT. Verena Multi Finance, Tbk

Heni Rusmanto

Universitas Pamulang, Tangerang Selatan, Banten 15417, Indonesia

E-mail: henirusmanto@yahoo.co.id

Abstract: This study aims to examine the effect of Current Ratio and Debt to Asset on return on assets at PT. Verena Multi Finance, Tbk. The method of analysis used in this research is multiple regression analysis method. One of the requirements for conducting multiple analysis tests is that the classical assumption test is necessary. This is necessary and important so that the resulting regression equation is BLUE (Best, Linear, Un], Estimator). In addition, to assess the goodness of fit of a model, the coefficient of determination, F test, and t test are carried out. This study uses annual data from 2012 - 2019 for each research variable.

The results of this study indicate that the CR variable has no significant effect on ROA price with t count -641 and a significant t of 0.550. While the DAR variable has no significant effect on ROA with a value of 637 and a significant t of 0.552. In addition, it is found that the R square value is 9.0%. This means that 9.0,% is influenced by the two independent variables. While the remaining 91.0% is influenced by other variables.

Keywords: Current Ratio (CR), Debt to Asset (DAR), Return On Asset (ROA)

INTRODUCTION

Financing Companies are business entities other than banks and Non-Bank Financial Institutions such as PT. Verena Multi Finance, Tbk which was specifically established to conduct business activities: Leasing, Factoring, Credit Card Business and or Consumer Financing such as car loans, heavy equipment, multipurpose financing. The financing company business scheme is based on an underlying asset; close proximity of the finance industry network to the manufacturing industry, distributors and sole brand holders; as well as the ease and speed of service, making the finance industry closer to its consumers compared to similar lending industries.

Various analyzes will be carried out to ascertain whether the company has performed well in that period and as a basis for setting reference targets to improve performance in the next period. One of the analyzes done to measure performance is to measure several financial ratios in the last few periods so that performance trends can be analyzed and the effect of these ratios on company performance. So that with the Return on Asset ratio, it can be seen whether the company has properly managed its assets to generate profits for the company. In generating profits for the company, many companies use third party funds

in the form of loans, both short-term loans and long-term loans. So that an indicator that represents this ratio is needed, the authors use the current ratio that is most commonly used to determine the ability to meet short-term obligations. As well as to find out how much the company's assets are financed by debt or how much the company's debt affects asset management using the debt to asset ratio. On the basis of this, in this study, the author takes the title "The effect of CR and DAR on ROA at PT. Verena Multi Finance for the 2012-2019 period"

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This ratio is the ratio between total debt and total assets. So that this ratio shows the extent to which debt can be covered by assets. If the Debt Ratio is higher, while the proportion of total assets does not change, the debt owned by the company will get bigger. The larger the total debt, the higher the financial ratio or the company's failure to repay the loan. And conversely, if the Debt Ratio is getting smaller, the company's ownership will also be smaller and this means that the company's financial risk of repaying the loan is also getting smaller. According to Agnes Sawir (2003: 8), explains that "Current Ratio is the most commonly used measure to determine the ability to meet short-term obligations,

According to Kasmir (2014: 156). Explaining "Debt to Asset Ratio is a debt ratio that is used to measure the ratio between total debt and total assets. In other words, how much the company's assets are financed by debt or how much does the company's debt affect asset management?

Munawir (2012: 89) explains that "Return on Assets is a form of profitability ratio which is intended to measure the company's ability with the overall funds invested in assets used for company operations to generate profits". So that with the Return on Asset ratio, it can be seen whether the company has managed well its assets to generate profits for the company.

METHODS

In this research, the company which is the object of research is PT. Verena Multi Finance, Tbk. The address is Gedung Utama SG, Jl. Veteran, Gresik East Java, Indonesia 61122. Population is a generalization consisting of objects / subjects that have the quality of certain characteristics set by researchers to study and draw conclusions (Sugiyono, 2013). The population in this study are all Current Ratio data, Debt to Asset Ratio and Return On Asset from 2012-2019.

According to Sugiyono (2013: 118) "the sample is part of the number and characteristics possessed by the population". The research sample is a sample of Current Ratio, Debt to Asset, and Return On Asset, taken from the financial statements of PT. Verena Multi Finance, Tbk for the period 2012-2019

Data Analysis Methods

1. Normality test. According to Ghazali (2012) the normality test aims whether the dependent variable and the independent variable in the regression model have a contribution or not. A good regression model is normal or near normal distribution data.
2. Heteroscedacity test. According to Ghazali (2012) the heteroscedasticity test aims to test whether in the regression model there is an inequality of variants from the residuals of one observation to another. If the variance from the residual of one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity.
3. Autocorrelation Test. Autocorrelation testing can be done with a test result called durbin watson, and by comparing a calculated watson durbin value (d) with a table watson durbin value, namely from the upper limit (d_u) and from the lower limit (d_l). where a

good research model is if there is no autocorrelation, with Durbin Watson values in the range of 1.5 to 2.5 (Anderson, 2011).

4. Multicollinearity Test. According to Ghozali (2012) the multicollinearity test aims to test whether a regression model has a correlation between independent (independent) variables. A good regression model should not have correlation between independent variables. Multicollinearity testing is seen from the amount of VIF (Variance Inflation Factor) and tolerance. Tolerance measures the selected independent variables that are not explained by other independent variables and VIF measures the closeness of the relationship between the independent variables. The values used to indicate no multicollinearity are tolerance values > 0.01 and $VIF < 10$.
5. Linearity Test. According to Sugiyono (2011: 265) This linearity test is to determine the line of relationship between the independent variable and the dependent variable in the form of linear or not. From the assumptions of regression analysis, including linearity, that is, from the linearity test in the regression analysis, whether the regression line between x and y
6. forms a linear line or not. If there is no linearity in a regression analysis in the study, then the regression analysis in the study cannot be continued.
7. Coefficient of Determination (R²). According to Ghozali (2012) the coefficient of determination (R²) is a tool to measure how far the model's ability to explain variations in the dependent variable. The coefficient of determination is between zero or one. The small value of R² means that the ability of the independent variables to explain the variation in the dependent variable is very limited. On the other hand, if the value is close to 1, it means that the independent variables provide almost all the information needed to predict the dependent variables.

RESULT AND DISCUSSION

The results of the research are based on the data obtained and processed for each variable X1 CR, X2 DAR and Y Return On Asset PT Verena Multi Finance, Tbk, the observation period 2012-2019 is described in the following table:

Table 1. Research data of PT Verena Multi Finance, Tbk

Year	CR	DAR	ROA
2019	117.55	0.75	0.08
2018	125.36	0.83	11.63
2017	141.82	0.73	0.43
2016	129.77	0.84	0.35
2015	140.17	0.85	0.12
2014	156.85	0.87	1.15
2013	217.21	0.88	1.70
2012	237.04	0.89	1.91

Source: Research data, 2020

Table 2. Normality Test Output

		Unstandardized Residual
N		8
Normal Parameters ^a , b	Mean	0E-7
	Std. Deviation	3.70670946
	Absolute	.289
Most Extreme Differences	Positive	.289
	Negative	-.203

Kolmogorov-Smirnov Z	.818
Asymp. Sig. (2-tailed)	.515

Source: Research data, 2020

Based on the output in table 2, the data is normally distributed. This is indicated by the Asymp.Sig value of more than 0.05, namely 0.515. Then the research can be continued.

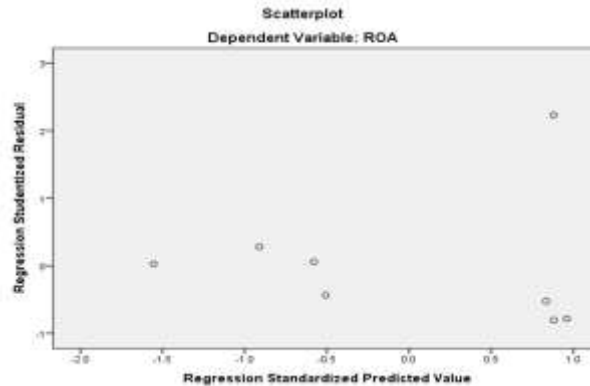


Figure 1. Heteroscedasticity Test Output

Based on the output above, it can be seen that the dots spread out randomly, and do not form a certain clear pattern. So it can be concluded that there are no symptoms of heteroscedasticity and the regression model is suitable for use.

Table 3. Autocorrelation Test Output

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.301a	.090	-.274	4.38584	1,913

Source: Research data, 2020

Based on the output of the Durbin-Watson test above, the DW value is 1.913, so the data in this study did not occur positive or negative autocorrelation.

Table 4. Multicollinearity Test Output

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CR	.586	1,707
	DAR	.586	1,707

Source: Research data, 2020

Tests conducted on the multiple linear regression model, showed the VIF value of the X1 CR and X2 DAR variables of 1.707. All VIF values in the multiple linear regression model show the results of VIF <5 or VIF <10, it can be said that in this study there is no multicollinearity. (Eddy Supriyadi, 2012)

Table 5. t Test Output

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

	(Constant)	-12,211	26,086		-.468	.659
1	CR	-.031	.049	-357	-641	.550
	DAR	23,278	36,535	.355	.637	.552

Source: Research data, 2020

Based on the output in table 6, the t count of the CR (X1) variable is -641 and the significant t is 0.550 where sig t is greater than 0.05, so partially the CR (X1) variable has no significant effect on ROA (Y). This means that the hypothesis in the study accepts Ho and rejects Ha.

Based on the output in table 6, it is found that the t value of the DAR variable (X2) is 637 and a significant t is 0.552 where the sig t is greater than 0.05, so partially the DAR variable does not have a significant effect on ROA (Y). (Ho2 Accepted)

Table 6. Simultaneous Test Output

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	9,553	2	4,777	.248	.789b
	Residual	96,178	5	19,236		
	Total	105,731	7			

Source: Research data, 2020

Based on the output in table 7 above, the calculated F value of 0.248 is smaller than F table 5.79 with a significance value of 0.789 > 0.05. Thus it can be concluded that together X1 CR, X2 DAR do not have a significant effect on the dependent variable Y Return On Asset.

Table 7. Determination Coefficient Test Output

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.301a	.090	-.274	4.38584	1,913

Source: Research data, 2020

Based on the output in table 8 above, the R-Square value obtained is 0.090 or equal to 9.0%. This situation shows that the CR (X1) and DAR (X2) variables contributed 9.0% to the ROA (Y), while the remaining 91.0% was influenced by other factors or variables not included in this study.

CONCLUSIONS

Based on the data that has been collected and the results of tests that have been carried out on the problems with the multiple linear regression model, it can be concluded as follows:

1. Current Ratio has no significant effect on Return On Assets This is indicated by the regression coefficient obtained which is equal to -0.31 and t count of -641 with a probability of an error rate of 0.550 greater than the expected significance level of 0.05 (Ho1 accepted)
2. Debt to Asset does not have a significant effect on Return On assets. This is indicated by the regression coefficient obtained which is 23,278 and t count is 637 with a probability of an error rate of 0.552 greater than the expected significance level of 0.05 (Ho2 accepted)

3. Current Ratio and Debt to Asset collectively, there is no significant effect on Return on Assets shown by the results of F count of 0.248 with a probability of an error rate of 0.789 greater than the expected significance level of 0.05. (Ho3 received)
Based on the research results that have been presented, some suggestions can be made as follows.

1. In this study, the data used are annual data, for further research, monthly or daily data can be used to obtain more accurate results
2. For future researchers who use the same type of research, they should add data on other economic variables.
3. Future studies may extend the period of years by using monthly or daily data so that a better picture can be obtained

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