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JL.Surya Kencana No.1 Pamulang, Tangerang Selatan – Banten
Telp. (021) 7412566, Fax (021) 7412491
Email : seminarhumanis@gmail.com

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The Effect Of Debt To Equity Ratio And Receivable Turn Over On Return On Asset PT. Martina Berto Tbk

Silvi Alvilani Mukti

Universitas Pamulang, Tangerang Selatan, Banten 15417, Indonesia

E-mail: salvilani@gmail.com

Abstract: This study knows that how much influence the Debt to Equity Ratio (DER) and Receivable Turn Over (RTO) Against Return On Assets (ROA) at PT. Martina Berto. The sample used is the balance sheet and income statement for the period 2010-2017. The nature of the research used is quantitative descriptive. Data analysis methods used include the classic assumption test, product moment correlation test, multiple linear regression equations, coefficient of determination, and hypothesis testing. Based on the research results obtained validity test results are declared valid: 1) Debt to Equity Ratio (DER) has a positive and significant effect on Return On Assets (ROA). 2) Receivable Turn Over (RTO) has a positive and significant effect on Return on Assets (ROA). 3) Debt to Equity Ratio (DER) and Receivable Turn Over (RTO) have a positive and significant effect on Return on Assets (ROA).

Keywords: Debt to Equity Ratio, Receivable Turn Over, Return On Assets

INTRODUCTION

Return on assets (ROA) is very important for the company because if the company's Return on Assets (ROA) increases, the company's profits will increase and vice versa if the company's Return on Assets (ROA) decreases, the company's profits will decrease which will disturb the company's performance (Dyatmiko, 2019; Putri, 2019).

Several financial ratio analyzes that can affect Return On Assets (ROA) are the solvency ratio in this study using the Debt to Equity Ratio (DER) and the activity ratio in this study using Receivable Turn Over (RTO).

Debt to Equity Ratio (DER) greatly affects Return On Asset (ROA) because if the Debt to Equity Ratio (DER) increases, the Return On Asset (ROA) will decrease, this is due to a high increase in debt which makes the Debt to Equity Ratio (DER) increases have a bad impact on company performance because a higher level of debt means a greater interest expense, which means reducing company profits and resulting in the company being unable to pay its debts.

Receivable Turn Over (RTO) greatly affects Return On Asset (ROA) because if the Receivable Turn Over (RTO) increases, the profit (ROA) will decrease, this is due to the company's receivables that cannot be collected according to the predetermined time which makes the company loss. Receivable Turn Over (RTO) which increases due to receivables that cannot be paid in accordance with the specified time will create a greater risk of bad debts which makes the company experience losses in the resulting profits (Sahara, 2018). Companies in providing receivables should be more careful because if they have a lot of uncollectible receivables it will have a bad impact on the company's finances, therefore the company must have good management in terms of the process of giving receivables so that the company can minimize the possible risk of bad debts that will be experienced by the company (Sujarwo, 2019; Yanuar, 2018).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

According to Kasmir (2014: 157) the ratio is a ratio used to assess debt to equity. This ratio compares all debt, including current debt, to total equity.

According to Bambang Riyanto (2015: 90) states that the rate of receivables turnover (Receivable Turn Over) can be found by dividing the amount of credit sales during a certain period by the average amount of receivables (average receivable).

According to Kasmir (2014: 201), Return on Assets (ROA) is a ratio showing the results (return) on the total assets used in the company.

DEVELOPMENT

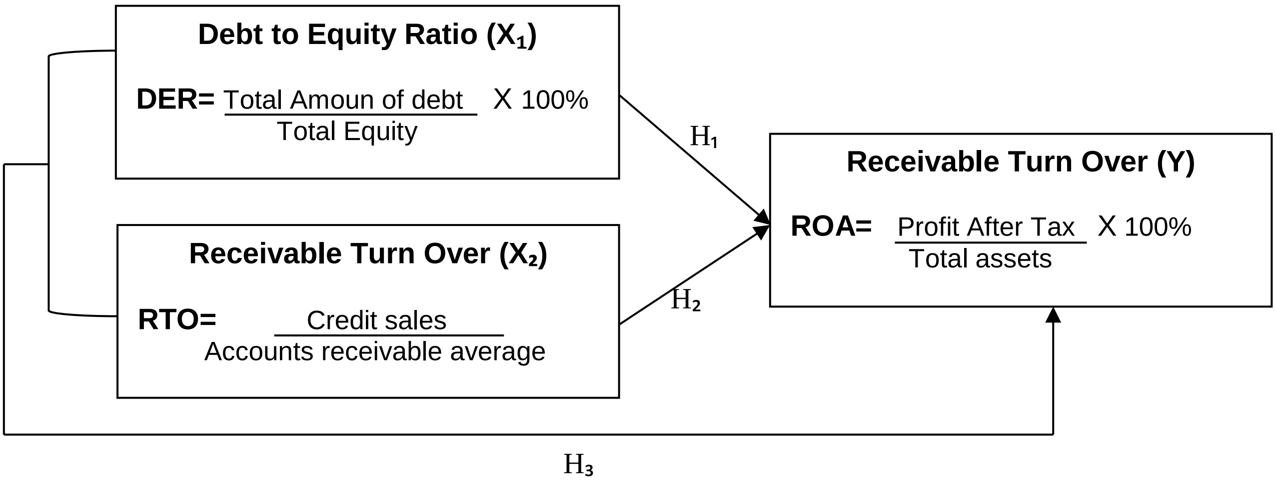

Figure 1. Research Model

METHODS

This research uses descriptive quantitative method. The data used are secondary data. The population used in this study is the financial statements of PT. Martina Berto Tbk. The sample used is the balance sheet and income statement of PT. Martina Berto Tbk for the period 2010-2017.

The data analysis methods used include the financial management formula, classic assumption test, product moment correlation test, simple and multiple linear regression test, coefficient of determination and hypothesis testing (t test and F test).

RESULT AND DISCUSSION

Based on the results of the classical assumption test (normality test, multicollinearity test, autocorrelation test and heteroscedasticity test) it can be concluded that all classical assumption tests do not occur problems.

Based on the results of the multiple regression equation test, the results obtained are Y = 12.035 - 0.038X1 + 6.529X2 + e, e means the error rate is 5% or 0.05.

Based on the results of multiple correlation tests, the correlation value is 0.801, which means that the relationship between Debt to Equity Ratio (DER) and Receivable Turn Over (RTO) to Return On Assets (ROA) is very strong. Based on the results of the coefficient of determination, the coefficient of determination is 0.641 which means that Debt to Equity Ratio (DER) and Receivable Turn Over (RTO) affect the Return on Assets (ROA) of 64.1% and the remaining 35.9% is influenced by other variables not examined.

Based on the results of the t test shows the test results t_{hitung} = 0,973 while t_{tabel} = 1,860 ($t_{hitung} > t_{tabel}$) it can be concluded that the effect of Debt to Equity Ratio (X_1) on Return On Assets (Y) partially has no significant effect or in other words It can be concluded that the effect of Debt to Equity Ratio (X_1) on Return On Assets (Y) partially has no significant effect, or in other words, H_0 is rejected and H_a is accepted.

Based on the results of the t test shows the test results t_{hitung} = 2,882 while t_{tabel} = 1,860 ($t_{hitung} > t_{tabel}$) with a level of significance 0,020 < 0,05, it can be concluded that the effect of Receivable Turn Over (X_2) on Return On Assets (Y) is partially positive and significant, or in other words, H_0 is rejected and H_a is accepted.

Based on the results of the F test shows the test results F_{hitung} = 6,257 while F_{tabel} = 3,74 ($F_{hitung} > F_{tabel}$) with a significance level of 0.000 <0.05, it can be concluded that the effect of Debt to Equity Ratio (X_1), Receivable Turn Over (X_2), Return On Asset (Y) simultaneously has a positive and significant effect, or in other words H_0 is rejected and H_a is accepted. .

CONCLUSIONS

Based on the results of the research and discussion that the researcher has described, it can be concluded that:

1. Debt to Equity Ratio (DER) has a significant effect on Return On Assets (ROA) at PT. Martina Berto Tbk Year 2008-2017.
2. Receivable Turn Over (RTO) has a significant effect on Return On Assets (ROA) at PT. Martina Berto Tbk Year 2008-2017.
3. Debt to Equity Ratio (DER) and Receivable Turn Over (RTO) simultaneously have a significant effect on Return On Assets (ROA) at PT. Martina Berto Tbk Year 2008-2017

In this study, there are several limitations to the problem, including:

1. Researchers only use 2 independent variables.
2. The research data used is only for a period of 10 years.
3. The effect between compensation and motivation on employee performance is only 64.1% and the remaining 35.9% is influenced by other variables not examined.

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