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The Effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets in Transportation and Logistics Sub-Sector Companies Registered at the Bei Period 2019-2021

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Abstract

This study aims to analyze the effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets in transportation and logistics sub-sector companies listed on the Indonesia Stock Exchange. The objects of this research are 10 companies engaged in transportation and logistics that are listed on the Indonesian Stock Exchange. This study uses secondary data, financial reports published by transportation and logistics sub-sector companies listed on the Indonesia Stock Exchange in the period 2019 - 2021. The variables studied are Current Ratio, Total Asset Turnover, Time Interest Earned and Return On Assets. The analysis technique uses multiple regression analysis with SPSS 18. The results of the study are partial Current Ratio, Total Asset Turnover and Time Interest Earned have a significant positive effect on Return On Assets. While simultaneously the Current ratio, Total Asset Turnover and Time Interest Earned together have a positive and significant effect on Return On Assets.

Keywords :
Current Ratio, Return On Assets, Time Interest Earned, Total Asset Turnover

1. Intorduction

Indonesia is one of the largest archipelagic countries in the world. Indonesia's economic growth is supported by various corporate sectors. One of the pillars of Indonesia's economic growth is the transportation and logistics sub-sector companies. The transportation and logistics sub-sector company is one of the company sectors listed on the Indonesia Stock Exchange. In general, every company has the same goal, namely to get the maximum profit. In getting big profits, some companies make decisions in various ways such as increasing revenue. In making decisions a company is assisted by financial statements.

Financial statements are information that describes the company's financial position. Which explains the company's financial performance during a certain period and shows how much the company's income is in carrying out its operational activities. It is known that the average Return On Assets value of transportation and logistics companies listed on the Indonesia Stock Exchange has fluctuated from 2019 – 2021. The decline in the Return On Assets value in 2020 was caused by the COVID-19 outbreak. The transportation sector is the sector worst affected by the Covid-19 pandemic. Where the government held a massive PPKM in Indonesia. As a result, the transportation and logistics sub-sector companies as a whole experienced a decline and even suffered losses. Return on assets (ROA) is a company's ability to describe the profits the company gets in relation to all the company's assets during a period.

Activity is the company's ability to utilize its assets to generate profits. One way to find out a company's activity in asset utilization is to use Total Asset Turnover (TATO) by making a comparison between income and total assets. Liquidity is the company's ability to meet its short-term obligations. This calculation is used to see how strong or weak a company is in paying debts in the short term. One way to determine the liquidity of a company is to use the Current Ratio with a comparison between current assets and short-term liabilities. Solvency is the company's ability to pay its obligations. One way to calculate a company's ability to pay its obligations is to use Time Interest Earned. Time Interest Earned is calculated by comparing operating profit with interest costs.

Based on empirical data conducted by researchers at transportation and logistics sub-sector companies for the 2019-2021 period, the authors are interested in conducting research with the title "The Effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets in Transportation and Transportation Subsector Companies." Registered Logistics for the 2019-2021 Bei Period"

1.1. Literature Review

1.1.1. Financial Statements

Financial statements are a tool for a company in making decisions. Financial statements are information that describes the company's financial condition to serve as an illustration of the company's financial performance (Hidayat, 2018:2).

1.1.2. Financial Ratio Analysis

Ratio analysis is a way of analysis using comparative calculations from quantitative data contained in the balance sheet and profit and loss. Financial ratio analysis is a measure that is widely used in interpreting financial reports which explains the relationship between two types of financial data (Hantono, 2018:8).

1.1.3. Return On Assets

Return On Assets is a financial ratio that dominantly affects stock returns and the company's financial earning power (Thoyib, Firman, Amri, Wahyudi, & M.A., 2018).

1.1.4. Current Ratio

According to (Kasmir, 2016:113), the Current Ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon.

1.1.5. Total Asset Turnover

According to Maulamin & Sartono (2021:107), Total Asset Turnover is the ratio used to measure the turnover of all assets owned by the company and measure the amount of sales obtained from each rupiah.

1.1.6. Time Interest Earnet

According to Kariyoto (2017:42), Time Interest Earned is the ability to measure company operations in providing protection to long-term creditors, especially in paying interest.

1.2. Hypothesis

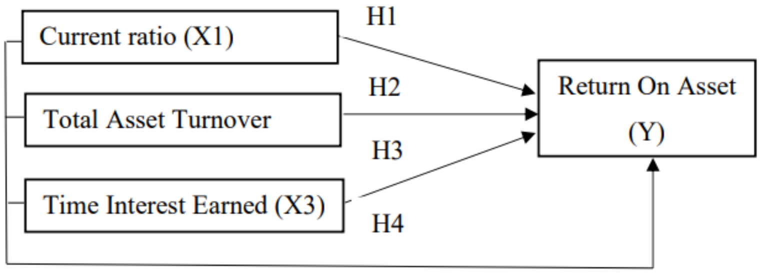

Figure 1. Conceptual Framework

Based on the above framework, the following hypotheses are developed;

H1: Current Ratio has a significant effect on Return On Assets

H2: Total Asset Turnover has a significant effect on Return On Assets

H3: Time Interests Earned has a significant effect on Return On Assets

H4: Current Ratio, Total Asset Turnover and Time Interests Earned have a significant effect on Return On Assets

2. Method

This research approach uses quantitative data types which are based on theoretical testing which is composed of various variables, measurements involving numbers and analysis using statistical procedures. The object of research is something that is the core of the research problem. The object of this research is. The object of this study uses the performance of financial ratios in the transportation and logistics sub-sector companies listed on the Indonesia Stock Exchange with 10 companies. The objects in this research are Current Ration, Total Asset Turnover, Time Interest Earned and Return on Assets. Sampling was done by purposive sampling method. In this study, the analysis phase was used by carrying out the classical assumption test, to see whether the multiple regression model was feasible or not used in this study and by conducting hypothesis testing, namely analysis that must meet the criteria, namely, the R^2 test, the F-test, and the T-test.

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3. Research Result

3.1. Classic Assumption Test

Table 1. Table of Classical Assumptions Test

No	Classic assumption test	Calculation Test Results	Criteria	Description
1	Normality test	Value Asymp. Sig. 0,343	Value sig > 0,05	Normal
2	Multicollinearity Test	Value tolerance CR, TATO, TIE > 0,10 Value VIF CR, TATO, TIE <10	Value tolerance > 0,10 Value VIF <10	There is no multicollinearity
3	Autocorrelation Test	Value Asymp. Sig. (2-tailed) 0,577	Value sig > 0,05	There are no signs of autocorrelation
4	Heteroscedasticity Test	The data points spread above and below the number 0 on the Y axis	The distribution of data points above and below the number 0 on the Y axis	Free from the classical assumption of heteroscedasticity

Based on the results of the classic assumption test above, it can be seen that the distribution of the data is normal, all variables do not show symptoms of multicollinearity and autocorrelation so that the linear regression analysis can be continued. As well as the distribution of data points is spread so that it can be concluded that the multiple linear regression model is free from the classical assumption of heteroscedasticity and is feasible to use in this study.

3.2. Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Test

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-13.251	2.286		-5.798	.000
CR	.029	.009	.398	3.229	.003
TATO	.083	.018	.500	4.728	.000
TIE	.002	.001	.269	2.169	.039

a. Dependent Variable: ROA

Y = -13,251+0,029+0,083+0,002

3.2.1. Constant β

The constant shows a number of -13.251. This shows that if the variable Return On Assets is not affected by the Current Ratio, Total Asset Turnover and Time Interest Earned, the Return On Assets value is -13.251 assuming other variables are constant.

3.2.2. Coefficient Variable Current Ratio

The coefficient of the variable current ratio (X1) is 0.029, meaning that if the other independent variables have a fixed value and the Current Ratio increases, the value of Return On Assets (Y) will increase by 0.029.

3.2.3. Coefficient Variable Total Asset Turnover

The coefficient of the variable Total Asset Turnover (X2) is 0.083, meaning that if the other independent variables have a fixed value and Total Asset Turnover has increased, the value of Return On Assets (Y) will increase by 0.083.

3.2.4. Coefficient Variable Time Interest Earned

The coefficient of the variable Time Interest Earned (X3) is 0.002, meaning that if the other independent variables have a fixed value and the Time Interest Earned increases, the value of Return On Assets (Y) will increase by 0.002.

3.3. Hypothesis Testing
3.3.1. Model Fit Test (f)

Table 3. Model Fit Test

ANOVA[b]					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.793.981	3	931.327	22.715	.000a
Residual	1.066.019	26	41.001		
Total	3.860.000	29			

a. Predictors: (Constant),TIE, TATO, CR
b. Dependent Variable: ROA

From the table above it can be seen that the significance value for the effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets (Y) is 0.00 <0.05 and f count 22.715 > f table value 2.31. This proves that there is a significant influence of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets (Y). The test results show that the research model built is feasible to study.

3.3.2. Partial Test t

Table 4. Partial Test

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-13.251	2.286		-5.798	.000
CR	.029	.009	.398	3.229	.003
TATO	.083	.018	.500	4.728	.000
TIE	.002	.001	.269	2.169	.039

a. Dependent Variable: ROA

1 The results of the data show that the significant effect of CR (X1) on ROA (Y) is 0.03 <0.05 and the t-value is 3.229 > the t-table value is 2.056. This means that there is a positive and significant influence of the Current Ratio on Return On Assets
2 The results of the data show a significant value of the effect of TATO (X2) on ROA (Y) 0.00 <0.05 and t count value 4.728 > t table value 2.056. This means that there is a positive and significant effect of Total Asset Turnover on Return On Assets.
3 The results of the data show the effect of TIE (X3) on ROA (Y) 0.39 > 0.05 and the t-count value is 2.169 > 2.056. This means that Time Interest Earned has a positive effect on Return On Assets and is significant.

3.4. Determination Coefficient Test R^2

Table 5. Determination Coefficient Test

Model Summary[b]				
Model	R	R Square	Adjusted R Squa re	Std. Error of the Estimate
1	.851a	.724	.692	640.318

a. Predictors: (Constant), TIE, TATO,CR
b. Dependent Variable: ROA

Based on the results of data processing in the table above, the R^2 value can be seen from the R square column, which is equal to 0.724. Which means that the magnitude of the influence of the independent variables namely Current Ratio, Total Asset Turnover and Time Interest Earned on the dependent variable Return on Assets is equal to 72.4%. While the remaining 27.6% is influenced by other factors not explained in this study.

4. Discussion of Research Results

After testing the classical assumptions and testing the hypotheses carried out in the previous sub-chapter, the results obtained from the multiple linear regression analysis method in the study "The Effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return on Assets in Transportation and Logistics Sub

Sector Companies Registered on the IDX Period 2019-2021". Furthermore, the results of multiple linear regression analysis will be discussed clearly in this sub-chapter, each independent variable to the dependent variable.

4.1. Effect of Current Ratio on Return On Assets

Referring to table 9, it shows that the direct effect of the Current Ratio on Return on Assets is 0.029 (sig. 0.003), this means that the contribution of the Current Ratio variable to the value of Return on Assets is very low even though the effect is positive and significant. The Current Ratio shows the amount of current liabilities guaranteed by current assets, meaning that the higher the ratio of current assets to current liabilities, the higher the company's ability to cover its short-term liabilities. The positive influence shows that the ability to manage current liabilities takes place effectively even though the contribution is still low. The average Current Ratio in the transportation and logistics sub-sector companies in the 2019-2021 period is 1.93. This shows a fairly good Current Ratio management capability. As a result, the risk borne by shareholders will be smaller and reduce uncertainty for investors. However, a high Current Ratio value also indicates that the amount of current assets that are not used can reduce company profitability because current assets generate lower returns.

4.2. Effect of Total Asset Turnover on Return On Assets

Referring to table 9, it shows that the direct effect of Total Asset Turnover on Return On Assets is 0.83 (sig. 0.000), this shows that the contribution of the Total Asset Turnover variable to the value of Return On Assets is very low even though the effect is positive and significant. Total Asset Turnover shows the company's activities in the utilization of total assets. The greater the value of Total Asset Turnover, it shows that the company has succeeded in achieving income so that it produces increased total assets. Companies that have high Total Asset Turnover show that the company has used its total assets effectively. The positive influence shows that the company's activities have taken place effectively, meaning that the company has used its assets optimally in generating income.

The average Total Asset Turnover in the transportation and logistics sub-sector companies in the 2019-2021 period shows the number 0.81. This shows that the transportation and logistics sub-sector companies have not reached 100%, so this shows that the management ability of total asset turnover is not good enough. Total Asset Turnover in increasing Return On Assets by generating income through the management of current and fixed assets. The average revenue for the transportation and logistics sub-sector companies in the 2019-2021 period is smaller than the company's total operating assets because the company is engaged in services. Therefore Total Asset Turnover has a significant effect on Return On Assets.

4.3. Effect of Time Interest Earned on Return On Assets

Referring to table 9, it shows that the direct effect of Time Interest Earned on Return On Assets is 0.02 (sig. 0.039), this shows that the contribution of the Time Interest Earned variable to the value of Return On Assets is very low. Time Interest Earned shows the company's ability to pay interest. The greater the value of this ratio, the better because it shows the company's ability to consistently increase net income. The positive influence shows that the company's ability to pay interest costs has been going on effectively.

The average Time Interest Earned in the transportation and logistics sub-sector companies listed on the Indonesian stock exchange in the 2019 – 2021 period shows a value of 4.44. In the processed raw data, there are 3 companies that show a minus time interest earned value, namely DEAL company with a value of -1.57, MIRA company with a value of -0.24 and SDMU company with a value of -25.96. In its operations, the company earns a negative profit so that the profit ability to meet interest obligations is very low, causing it to be insignificant.

4.4. Effect of Current Ratio, Total Asset Turnover and Time Interest Earned on Return On Assets

Referring to table 12 shows that the effect of Current Ratio, Total Asset Turnover and Time Interest Earned has a positive and significant effect on Return On Assets (Y). with a significant value of 0.00 <0.05 and f count 22.715 > f table value of 2.31. the effect of Current Ratio, Total Asset Turnover and Time Interest Earned has an effect of 72.4% on Return On Assets while the remaining 27.6% is influenced by other factors not explained in this study.

5. Conclusion

Based on the formulated problems, the initial hypotheses made, the research method tests and the analysis results from the tests that have been carried out in the previous chapter, the results of this study can be concluded as follows:

1 The first hypothesis which states that the Current Ratio has a positive and significant effect on return on assets in transportation and logistics sub-sector companies listed on the Indonesia Stock Exchange for the

period 2019 – 2021 is accepted with a sign value of 0.003. Therefore, a well-managed Current Ratio will be able to pay its short-term obligations so that it can affect Return On Assets.

2 The second hypothesis states that Total Asset Turnover has a positive and significant effect on Return On Assets in transportation and logistics companies listed on the Indonesia Stock Exchange for the period 2019 – 2021 accepted with a sign value of 0.000. Therefore, a company that manages its total assets optimally will affect the company's income

3 The third hypothesis states that Time Interest Earned has a positive and significant effect on Return On Assets in transportation and logistics companies listed on the Indonesia Stock Exchange for the period 2019 – 2021 being rejected with a sig value of 0.039. This means that so far the company's operating profit has received a lot of minus profit so that the Time Interest Earned has not had a significant effect.

4 The fourth hypothesis states that Current Ratio, Total Asset Turnover, Time Interest Earned have a positive and significant effect on Return On Assets in transportation and logistics companies listed on the Indonesia Stock Exchange for the period 2019 – 2021 received with a significant value of 0.00 <0.05 and f count 22.715 > f table value 2.31.

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