The Effect Of Liquidity On Profitability
(Case Study On A Food And Beverage Company Listed On The Stock Exchange Indonesia Period 2015-2017)

Ayu Luckyta Putri
Universitas Winaya Mukti

Anne Lasminingrat
Universitas Winaya Mukti

Korespondensi penulis : annelasminingrat79@gmail.com

Abstract: *This study aims to examine how profitability for food and beverage companies listed on the Indonesia Stock Exchange (IDX) between 2015 and 2017 is affected by liquidity.*
A case study methodology is used in this research's quantitative method, which involves gathering data through library studies and documentation. In this study, the time series analysis and the population cross section were combined using the data panel method (Eviews 8.0). The population in this study consisted of 10 out of the 18 food and beverage companies that were listed on the Indonesia Stock Exchange (IDX). The samples were chosen using the purposive sampling method. The outcomes of the data analysis served as the foundation for the study's findings. It was possible to get the conclusion that the CR variable significantly influenced the ROA variables. The chi square Cross Section probabilities exceeded the levels of significance.
The results of the current ratio have an impact on the return on assets, which is likely to be above a substantial level.
Future study should incorporate the ideas offered, as well as methodologies that can be used to measure more variables. Adding samples can further lengthen the research period.

Keywords*: Liquidity, Profitability*

INTRODUCTION

Financial issues are a major barrier to corporate development for all companies. The fundamental reason a corporation was established was to make the most profit possible. However, the management of the company's finances will determine whether it is successful or unsuccessful in pursuing earnings and maintaining its business. For businesses to be profitable, their financial performance must be strong and efficient. Therefore, performance finance is crucial for any business in the competitive industry to maintain the company.

The released finance report regarded a company's own meaning as crucial when evaluating it. This assertion is supported by Lev and Thiagarajan in Irham Fahmi's book (2015), which also claims that the report's financial analysis Information accounting, then This is seen as being significant in financial accounts.

Finance plays a crucial role in every aspect of a company's decision-making process. This is similar to what Napa J. mentioned. Watch out for the statement in the 2015 book Irham Fahmi that "Effective operation of the finance section is a necessity for efficient execution of activities in other divisions. The finance department's efficient operation results in the company's well-presented financial performance, as evidenced in the financial reports. In order for the parties who require them to be able to access those financial reports and help them make the appropriate decisions. Every business activity must be thoroughly examined during information finance analysis by management and others having an interest in the company in question.

Additionally, Yustina and the point in Irham Fahmi's book (2015) stated that the financial accounts are meant to be the top management source's job. She has been given authority over the owner company's performance, which has been achieved, as well as the main accounting report, which communicates information to parties interested in making economic analysis. and making predictions for the future.

Financial ratios are beneficial. The ratio, in the first place, is a numerical value or statistical summary that is simpler to read and analyse. Second, as an alternative that is more straightforward than the information in the report finance This is intricate and challenging. Third, may understand company's position in middle industry. Fourth, useful for content to put in models used to make predictions and decisions. Fifth, make corporate sizes uniform. Sixth, it is simpler to compare one company to another or to view the progress of a single company over time.

Various techniques can be used to measure liquidity. generally speaking Five types of liquidity ratios current ratio, quick ratio, cash ratio, ratio rotation cash, and inventory net working capital are the most prevalently used in the study (Kasmir, 2013: 134). The indicators used in this study use current ratio to assess a company's level of liquidity and its relationship to their problem-solving capacity. Financial commitments must be met quickly in order to fulfil them.

Developments in the economy, particularly in Indonesia's food and beverage sector. It's really interesting to see since, based on statistics from the Central Statistics Agency (BPS), the business sector for food and drink has had a trend that reached 8.49% in 2014. 2015, however, saw a decline of 7.54%. The industry of food and drink saw an increase of 8.46% in 2016, which is a noteworthy trend in industrial growth. And finally, 9.46% of experience growth was returned in 2017. This growth rate, which is always positive, demonstrates that the food and beverage industry sector was able to endure the global financial crisis and was anticipated to offer opportunities profitable enough to meet some of the needs of Indonesian citizens.

On the other hand, according to the chairman of the Association of Food and Beverage Entrepreneurs of All of Indonesia, Asia might entice foreign investors to have a presence in Indonesia either for producers or importers of raw materials in order to shorten supply chains. IPB also noted that Indonesia's potential for the food and beverage sector was quite high, thus the local industry must take advantage of it to promote the benefits of food and drink made from domestically produced raw materials.

The justifications behind selecting a food and beverage firm as a The drink has experienced its ups and downs as it is driven by volume sales and is not affected by season or changing economic conditions, such as inflation, which is why this research is necessary given the growth in value in the food and industrial sectors. Despite the current economic crisis, the production of food and drink remains steady. Matter Because of this, there is an increasing amount of competition in the food and beverage industry. Consumer demand for these foods and beverages continues to rise, but on the other hand, this increase was accompanied by swings in profit growth. This is because demand for food and drink is not at all affected by the rising growth rate of the resident population or the current economic conditions in Indonesia. For the company, it is necessary to improve the internal financial circumstances through good method management and structure finance.

The company listed on the Indonesia Stock Exchange (IDX) that is a part of the industry products consumption is the research object employed in this study. more specifically with catering food and beverage.

According to the Nidya Afrinda research (2009), liquidity (current ratio, cash ratio, and quick ratio) has a detrimental impact on profitability (Return on assets) in food and beverage industries and beverage companies listed on the IDX. Matter According to the study by Drain and Tjun (2011), the current ratio (CR) has no bearing on return on assets (ROA).

According to the findings of Devi Anindita's (2014) thesis, level liquidity and intermediation have a substantial impact on BRI PT Agroniaga, Tbk's profitability.

According to Wawan Setiawan's (2013) thesis on the relationship between working capital efficiency and profitability, changing liquidity has an impact on a company's bottom line.

Yudhistira (2012) discusses how a company's manufacturing is impacted by its level of liquidity, solvency, and activity. Which stated in IDX state that current profitability affect ratio.

Hasmita's (2014) study on the relationship between liquidity and profitability for PT. Indosat Tbk claims that liquidity has little to no impact on profitability. This demonstrates that rising liquidity will boost business profitability.

Sagita (2015) finds that Current Ratio (CR) has a negligible effect on profitability in manufacturing companies listed on IDX when looking at the effects of working capital, liquidity, activity, and company size.

READING REVIEW
Liquidity

According to Fred Weston in Cashmere (2016:110), the ratio of liquidity "describes ability of company in fulfil obligations within short period of time." The ability of the company to perform commitments that are due, including liabilities to parties outside the company (liquidity body business) or in the company itself (liquidity company), is a function other than ratio liquidity.

According to Cashmere (2016:133), "for evaluate ability company in fulfil his

obligations" is the primary goal of the liquidity ratio. However, in addition to that, information about ratio liquidity can be learned about other, more specific factors that are nonetheless connected to the company's capacity to fulfil its obligations. Everything depends on the liquidity ratios that are being employed.

Based on the explanation, it is clear that the liquidity ratio is beneficial for determining the company's capacity to meet its debt commitments to third parties. It may also be used as a tool to enhance performance by examining the present liquidity ratio. This.

The researcher will use the present ratio in this study.

1. Fluent Ratio (Current Ratio)

Current Ratio = Aktivgulung Lgulungnc lol (Current Assets)

Utgulungng Lgulungnc hahaha (Present Liabilities)

If the current ratio is low, one could infer from the ratio measurement results that the corporation lacks the capital to fulfil its debts. However, a high ratio measurement result is not always a sign of a healthy business environment. Because money wasn't spent as effectively as it could be, this issue just occurred.

With the outcomes of such a ratio, the company already feels at a safe place in the near term, which is often worn that ratio fluent with standard 200% (2:1), which is occasionally deemed a good enough measure or satisfying for a corporation. The size, which is most crucial for measuring performance management, is the industry average for businesses like yours.

2. Rapid Ratio

Frequently known as the fast ratio. A test measure for solvency that is more complete than a fluent ratio is the fast ratio. Because the inventory that is regarded as a current asset is removed from the numerator A small lack of fluids and source loss are possibilities. The quick ratio's formula is current assets minus inventories minus current liabilities.

Information:

Stocks equal supply

Inventories include supplies of office supplies, raw materials, supplies of finished goods, and supplies of finished goods. So. Objectivity-driven operations that are minimally expensive.

In general, it can be argued that a corporation with a less quick ratio from 1:1 or 100% is believed to have less good rate liquidity if we apply the acid test ratio to assess level liquidity, according to Bambang Riyanto.

Ratio of Net Working Capital

Net Working Capital Ratio, often known as a clean capital ratio. The amount of capital work indicates how liquid the business is. Working capital is derived from (1) clean income, (2) improved obligations with no fluency, (3) rising shareholder equity, and (4) falling nonfluent assets. The formula for calculating the net working capital ratio is current asset less current liabilities.

Ratio of Cash Flow to Liquidity

Also known as the cash flow liquidity ratio or cash flow liquidity ratio. The cash flow

liquidity ratio employs the quantifier as a quantifier estimations of cash sources, cash and marketable securities present the amount of cash arising from business operations, such as the capacity to sell inventories and collect cash.

There is one thing to keep in mind with regard to this cash flow liquidity ratio: If ratio This happen improvement so That showing ability company in overcome various problem obligation period in short, but vice versa if the cash flow describes the occurrence decrease, this shows that the company will have problems or must implement alternative strategies in overcoming various things pertaining to short term needs. The liquidity ratio based on cash flow is:

$$\frac{Cash + Commercial\ paper + CFO}{Current\ Liabilities}$$

Information: Money equals Money

Letters are valuable on commercial paper. Shares (stock), bonds, and other financial instruments are examples. Where is he going to describe the qualities of these securities? Name publisher, time period payment, mark nominal, and other clauses, together with the owner of the commercial paper's rights, are all described there.

Contrarily, commercial papers are also issued through a government-approved entity, such as the Indonesian Stock Exchange. Its publication conditions are also organised precisely.

CFO is an acronym for cash flow from operations.

Flows of cash from operating activities is another name for cash from operating activities. Acquisition This comes from numerous business operations where the profits are later transferred to a cash corporation or have increased cash value.

PROCESSIVITY

The profitability ratio is a measure that is used to assess a company's ability to seek profit, according to Kasmir (2016: 196). This ratio also offers a way to gauge a company's managerial effectiveness. This was demonstrated by the profit that was made from sales and income investments. The use ratio is crucial. This company exhibits efficiency.

According to Cashmere (2016: 198), a temporary That, benefit that was achieved from ratio profitability is for:

1. Recognise the level of profit that a company makes in a single period;
2. Recognise the position of profit from one year ago compared to the current year;
3. Recognise profit growth periodically;
4. Recognise the level of profit that is net after taxes; and
5. Recognise the productivity of a company that used its own capital or a good loan.

The return on assets (ROA) method will be used in this investigation.

ROI (return on assets)

$$ROA = \frac{Earning\ after\ Interest\ and\ Tax}{Total\ Asset}$$

Profit Margin on Sales or Ratio Profit Margins
There are two ways to calculate ratio profit margins or margins of profit on sales, and they are as follows:
1. Dirty formula for margins profit:

$$\textit{Profit margins on Sales} = \frac{\textbf{Penju} \text{ Televisi}}{\textbf{Bersih} - \textbf{H}arga\textbf{Pokok Penju} \text{ Televisi}}$$

$$\textbf{\textit{Sales}} ()$$

1. For margins profit clean with formula:

$$\textit{Profit margins on Sales} = \frac{\textbf{\textit{Earning After Interest and Tax}} (\textbf{EAIT})}{\textbf{\textit{Sales}} ()}$$

Return on Investments (ROI) or Results Return Investment (RRI)
"Results Return Investment or Return On Investment (ROI) is a ratio that shows the results (return) on the total assets used in the company," claims Cashmere (2016:201). ROI is another indicator of how well management is handling its investments. The industry average for return on investment is 30%, and the following formula is used to calculate ROI:

$$\textit{return on Investments} = \frac{\textbf{\textit{Earning After Interest and Tax}} (\textbf{EAIT})}{\textbf{\textit{Sales}} ()}$$

Return on Equity (ROE) or Results Return Equity
"Results Return Equity or Return On Equity (ROE) is a ratio to measure net profit after tax with own capital," claims Cashmere (2016:204). The efficient utilisation of capital is demonstrated by this ratio. The better, the higher this ratio. In other words, the owner of the business is in a better position, and vice versa. The formula to calculate Return on Equity (ROE), which has a 40% industry average, is as follows:

$$\textit{return on equity (ROE)} = \frac{\textbf{\textit{Earning After Interest and Tax}} (\textbf{EAIT})}{\textbf{\textit{Equity}}}$$

STUDY METHODS
Data gathering methods used in the study This information was provided on the website Exchange Effect Indonesia in the form of financial statements for the years 2015 to 2017.

The method that was employed was quantitative descriptive, meaning that it used financial ratio analysis calculations to produce descriptions of level health finance companies between 2015 and 2017. Connecting the theory, which is how data processing is done, is done With the help of testing statistics and hypothesis testing, this For Then came to a conclusion.

Source Information

For the 2015–2017 period, food and beverage firms listed on the Indonesia Stock Exchange (IDX) provided financial reports in the form of annual reports and quarterly reports (annual report) to Indonesia Index Exchange (IDX). The information was gathered from www.idx.co.id, the official Bursa Effect Indonesia website.

Population in study Population This is an 18-company. The company's annual report from 2015 to 2017 was used in this investigation.

A sample study was conducted based on the following criteria:

1. Food and beverage companies that are listed on the Indonesian Stock Exchange (IDX) and that publish financial reports for the entire period of 2015 to 2017.
2. Businesses with complete data Return On Assets (ROA) and current ratio (CR) are two examples.

The outcomes of sample selection using the purposive sampling approach are shown in the following table:

Results from a purposive sample table 3.

Information	Amount
Company Food And drink Which registered in IDX from year 2015-2017	18
Violation Criteria :	
1. Company Which No own data complete For count *Current ratio,* and *returns on assets*	8
Company Which chosen become sample	10

Source: secondary data what procedure

A Wishful Attitude Evaluation Of The Premise

Data analysis for the methodology This employs descriptive statistics, a model for evaluating data panels, a test for the generalisation, and a test for significance.

Data Panel Analysis Regression

Model analysis data panel for Equation which tian researcher utilised Such is:

Information:

Y $it = \beta 0 + \beta 1$ $X1$ _ _ $+ \varepsilon$ it In the time period t, Y it = Return On Assets business i and = Constant.

1 is the regression coefficient variable.

it = Error term and X 1 = Current company-i ratio on year t-th.

testing the theory (Test Statistics t) Mostly

Current Ratio, H 0. No significant impact on the assets return of the food and beverage company listed on the Indonesia Stock Exchange between 2015 and 2017.

H: From 2015 to 2017, Return on Assets for companies that sell food and drinks and are listed on the Indonesia Stock Exchange was positively impacted by current ratio.

18 food and beverage firms that are listed on the Indonesia Stock Exchange (IDX) made up the study's sample. The goal of this study is to determine how profitability in food and beverage companies listed on the Exchange Effect Indonesia (BEI) between 2015 and 2017 is impacted by liquidity.

The outcomes of the sampling technique used in this study are summarised in the table below:

Table 4: Purposive Sample Results

Information	Amount
Company Food And drink Which registered in IDX from year 2015-2017	18
Violation Criteria :	
1. Companies that do not have complete data for count *Current ratio,* and *return on assets*	8
Company Which chosen be a sample	10

Source: secondary data what procedure

There are 18 food and beverage companies listed on the Indonesian Stock Exchange (IDX). Ten of the 18 companies consistently registered in Exchange Effect Indonesia (IDX) for the years 2015 to 2017 are in the food and beverage industry. From ten companies, everything in the annual report on finance from 2015 to 2017 is consistent. There are 30 samples in this study as a result of multiplying the 10 firms by the three years of research.

These are the names of the companies that are the subject of this study:

Table 4.2 List of Business Food and Drink

No	Code	Name Company
1.	ADES	Akasha hero International Tbk.
2.	AISA	Three Pillar Prosperous Food Tbk.
3.	DLTA	Delta Djakarta Tbk.
4.	SKLT	Fresh Sea Tbk.
5.	BREAD	Nippon Land Development Tbk.
6.	MYOR	Mayora Beautiful Tbk.
7.	ULTJ	ultra Jaya Milk Industry & Traiding Company Tbk.
8.	SKBM	Now Bumi Tbk.
9.	MLBI	Multi Star Indonesia Tbk.
10.	STTP	Siantar Top Tbk.
11.	ALTO	Tri Banyan Tirta Tbk.
12.	CAMP	campina Ice Cream Industry Tbk.

13.	CHEC K	Wilmar Cahaya Indonesia Tbk
14.	CLEO	Sariguna Primatirta Tbk.
15.	HOCK EY	Buyung Poetra Sembada Tbk.
16.	ICBP	Indofood CBP Success Prosperous Tbk.
17.	INDF	Indofood Success Prosperous Tbk.
18.	PSDN	Prashida Various Commerce Tbk.

CONCLUSION AND RESULTS
RESEARCH OUTCOME

The results of CR calculations for food and beverage companies yield a current ratio with a minimum value of 0.584000 and a maximum value of 8.638000. so that the standard deviation is 1.998057 and the average CR is 2.497248.

Mark Jarque-bera of unspecified Because the probability value the significant level (0.00000 0.05), the ROA is as large as 35.23145 with probabilities 0.00000, indicating that the data is not normally distributed.

The outcome of CR food and beverage companies' computation gives ROA a minimum value of -0.097058, and a maximum value of 0.527000. so that 0.120878 is the standard deviation and 0.115913 is the average CR.

With a chance of 0.000000, Mark Jarque-Bera from variable return on assets is as large as 35.23145. The data are not normally distributed since the probability value and level of significance (0.000000 0.05) are not equal.

Panel data regression is the model that was utilised in this study to test the model's specifications and the compatibility of the theories to reality. The panel data regression model will be chosen as the top candidate in this section. is either a fixed, common, or random consequence. data processing Election model: study conducted electronically using eviews 8.0 for choosing the best suited model. This is based on three tests, including the fixed effect, random effect, and common model effects.

Table 4. Four Prevalent Impacts Model

dependent Variables: ROA
Methods: Least panels Squares
Dates: 11/02/18 Time: 10:30
Samples: 2015 2017
Periods included: 3
Cross-sections included: 10
Total panel (balanced) observations: 30

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.087269	0.035668	2.446732	0.0210
CR	0.011470	0.011226	1.021771	0.3156
R-squared	0.035946	Means dependent var		0.115913
adjusted R-squared	0.001515	SD dependent var		0.120878
SE of regression	0.120787	Akaike info criteria		-1.325242

sum squared resid	0.408504	Schwarz criteria	-1.231828
Logs likelihood	21.87862	Hannan-Quinn criter.	-1.295358
F-statistics	1.044016	Durbin-Watson stat	0.844399
Prob(F-statistic)	0.315637		

Eviews 8.0, after processing

The coefficient value at CR = 0.011470 and the probability f statistic = 0.3156 with R-squared of 0.035946 were discovered from the regression findings on the common effect model.

Whereas the following Fixed outcomes effects models:

Table 4. 5
Fixed effects Model

dependent Variables: ROA
Methods: Least panels Squares
Dates: 11/02/18 Time: 10:31
Samples: 2015 2017
Periods included: 3
Cross-sections included: 10
Total panel (balanced) observations: 30

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.017010	0.060356	0.281829	0.7811
CR	0.039605	0.023829	1.662053	0.1129

Effects Specifications

Cross-section fixed (dummy variables)

R-squared	0.862904	Means dependent var	0.115913
adjusted R-squared	0.790748	SD dependent var	0.120878
SE of regression	0.055295	Akaike info criteria	-2.675707
sum squared resid	0.058092	Schwarz criteria	-2.161935
Logs likelihood	51.13561	Hannan-Quinn criter.	-2.511347
F-statistics	11.95890	Durbin-Watson stat	2.064730
Prob(F-statistic)	0.000003		

Source : *Eviews 8.0* , processed

According to the aforementioned regression results, the coefficient CR = 0.039605, probability f statistics = 0.000003, and R-squared = 0.862904 were obtained.

1. Estimated Election Model Regression Data Panel

Select Model Fixed effects or Model Common effects. Statistical testing can be used to choose the model. F. The following are the used hypotheses.

intercept H0 Slope continues to be (model common effects).

Ha: Slopes are still constant, but the intercept is erratic (model fixed effects).

Sriyana (2014: 183) claims Select Model Fixed effects or Model Common effects. Test statistics can be used for model selection. Hypothesis F The method is as follows.

intercept H0 Slope continues to be (model common effects).

Ha: Slopes are still constant, but the intercept is erratic (model fixed effects).

Results Following are examples of tests that were conducted using redundant Fixed Effects tests and likelihood ratios:

Table 4. 6 Test Chow

Redundant Fixed Effects Tests
Equation: Untitled
test cross-section fixed effects

Effects test	Statistics	df	Prob.
Cross-section F	12.734139	(9,19)	0.0000
Cross-section Chi-square	58.513967	9	0.0000

Source : *Eviews 8.0,*

Processed Testing of hypotheses: Ho accepted Use common effects if the Chi-square probability is greater than 0.05.

If the Chi-square probability value is less than 0.05, Ha is disregarded. The Hausman test is then used to determine whether to proceed with Fixed Effects or Random Effects.

The Chi-square Cross-section probability for the outcomes of the results test for table 4.6 regression testing between the common effects Model and the Fixed Effect Model is 0.0000. It is preferable to use the Fixed Effects Model if the Chi-square Cross section probability is statistically significant and less than alpha (0.0000 0.05). due to the use of Fixed Effects Model in this test, the next step is to perform the Hausman Test, which compares Fixed Effect to Random Effect. for a panel that estimates data.

(Hausman test) Select Model Fixed Effects or Model Random Effects.

The Hausman test is a method for selecting the best model from those with fixed effects and those with random model effects. (2014:186) Sriyana. The following is the hypothesis that was used.

H0: Fixed effects model is inferior to the random effects model. Model random effects are worse than model fixed effects, LOL!

Chi Square probability value 0.05 causes H0 to be rejected and H to be accepted, favouring the use of the model's fixed effects above its random effects. However, if the mark probability Chi square is more than (0.05), accept H0 and reject Ha., allowing the random effects model to be employed instead of the fixed effects model.

The panel data model must be compared again between the fixed effext with random effect using the hausman test once the test is completed and the results of the model's fixed effect usage are obtained. To determine if the model is a fixed effect or a random effect model, the hausman test is performed. Approach random effect models with the requirement that the cross section of units be larger than the number of time series.

Results are as follows. Use of random effects models 8.0 Eviews:

Table 4. 7 Model for Random Effects

dependent Variables: ROA
Methods: Panel EGLS (Cross-section random effects)
Dates: 11/02/18 Time: 10:49
Samples: 2015 2017
Periods included: 3
Cross-sections included: 10
Total panel (balanced) observations: 30
Swami and Arora estimator of components variances

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.060614	0.053731	1.128105	0.2688
CR	0.022144	0.015225	1.454420	0.1569

Effects Specifications				
			SD	Rho
Cross-section random			0.115737	0.8142
Idiosyncratic random			0.055295	0.1858

weighted Statistics			
R-squared	0.070458	Means dependent var	0.030822
adjusted R-squared	0.037260	SD dependent var	0.056261
SE of regression	0.055203	sum squared resid	0.085327
F-statistics	2.122359	Durbin-Watson stat	1.655325
Prob(F-statistic)	0.156287		

Unweighted Statistics			
R-squared	0.004818	Means dependent var	0.115913
sum squared resid	0.421694	Durbin-Watson stat	0.839686

Source : *Eviews 8.0,* Processed

Regression results show that the coefficient CR is equal to 0.022144, the probability f statistics is equal to 0.156287, and the R-squared value is equal to 0.070458.

Researchers aim to display the findings of the Hausman test. In this study, the random effect on the cross-section panel options was used to test the data panel. The random effect is accepted if the chi-square probability is more than (0.05), and the fixed effect is approved if the chi-square probability is less than (0.05). According to this study's Hausman test results,

Table 4. 8 Test Hausman

Correlated Random Effects - Hausman test
Equation: Untitled
test cross-section random effects

test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Cross-section random	0.907376	1	0.3408

Cross-section random effects test comparisons:

Variables	Fixed	Random	Var(Diff.)	Prob.
CR	0.039605	0.022144	0.000336	0.3408

Cross-section random effects test equation:
dependent Variables: ROA
Methods: Panel Least Squares
Dates: 11/02/18 Time: 10:46
Samples: 2015 2017
Periods included: 3
Cross-sections included: 10
Total panel (balanced) observations: 30

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.017010	0.060356	0.281829	0.7811
CR	0.039605	0.023829	1.662053	0.1129

Effects Specifications

Cross-section fixed (dummy variables)

R-squared	0.862904	Means dependent var	0.115913
adjusted R-squared	0.790748	SD dependent var	0.120878
SE of regression	0.055295	Akaike info criteria	-2.675707
sum squared resid	0.058092	Schwarz criteria	-2.161935
Logs likelihood	51.13561	Hannan-Quinn criter.	-2.511347
F-statistics	11.95890	Durbin-Watson stat	2.064730
Prob(F-statistic)	0.000003		

Source : *Eviews 8.0* processed

The regression test between Fixed effects Model and Random Effect Models obtained results from the Hausman test in Table 4.7 with a Cross-probability section Chi-square as large as 0.3408. therefore making the probability of the Chi-square Cross Section larger than alpha (0.3408 > 0.05). This suggests that more Good use should be made of the Random Effects Model in a statistically significant manner (5% accept Ho).

Calculation of the coefficient (R 2)

The precision of the regression line with the data (excellent fit) is shown by the coefficient of determination. Coefficient determination is what it means. This will describe how well the regression line constructed using the data works. Coefficient determination has a mark that ranges from 0 to 1. Accordingly, a higher value indicates a closer association between the independent and dependent variables and their bounds (Sriyana, 2014: 39 and 53).

Table 4. 10
Test Determination (^{2})

Cross-section random effects test equation:
dependent Variables: ROA
Methods: Panel Least Squares
Dates: 11/02/18 Time: 10:46
Samples: 2015 2017
Periods included: 3
Cross-sections included: 10
Total panel (balanced) observations: 30

Cross-section fixed (dummy variables)

R-squared	0.862904	Means dependent var	0.115913
adjusted R-squared	0.790748	SD dependent var	0.120878
SE of regression	0.055295	Akaike info criteria	-2.675707
sum squared resid	0.058092	Schwarz criteria	-2.161935
Logs likelihood	51.13561	Hannan-Quinn criter.	-2.511347
F-statistics	11.95890	Durbin-Watson stat	2.064730
Prob(F-statistic)	0.000003		

Eviews 8.0 has been processed.

Table 4.10 shows that Test Determination (R^2) was large 0.862904 (86.29%), demonstrating the ability of the independent variable Current Ratio (CR) to explain the dependent variable, i.e. Return On Assets (ROA), of 86.29%. The remaining amount was large 13.71%, which was not included in the model research equation. This.

Uji is partially correct (Test Statistics t)

According to study statistics, they are:

The following is the hypothesis test for H0: 1 0 based on formulation hypothesis.

Current Ratio, H 0. No significant impact on the assets return of the food and beverage company listed on the Indonesia Stock Exchange between 2015 and 2017.

H: From 2015 to 2017, Return on Assets for companies that sell food and drinks and are listed on the Indonesia Stock Exchange was positively impacted by current ratio.

a. If the p-value is less than (0.05), reject H0 and accept Ha. Accordingly, partial independent variable influences significant to variable dependent.

b. If the p-value is more than (0.05), accept H0 and reject Ha. As a result, partially independent variables have no discernible impact on the dependent variable.

11 Test Partial (Test t) Table 4

dependent Variables: ROA

Methods: Least panels Squares

Dates: 11/02/18 Time: 10:46

Samples: 2015 2017

Periods included: 3

Cross-sections included: 10

Total panel (balanced) observations: 30

Variables	coefficient	std. Error	t-Statistics	Prob.
C	0.017010	0.060356	0.281829	0.7811
CR	0.039605	0.023829	1.662053	0.1129

Source: *Eviews 8.0* processed.

Table 4.11 shows that a mark t-statistic of 1.662053 with a probability value of 0.7811 was found. at a 0.05 level of probability. Mark probability t-statistic > 0.05, or 1.662053 > 0.05, accordingly. Therefore, it can be said that the Current Ratio has a favourable impact on Return on Assets for food and beverage companies listed on the Indonesian Stock Exchange over the years 2015 to 2017.

DISCUSSION

With a probability of 0.000007, Mark Jarque-Bera from Variable Current Ratio is as large as 23.63466. Mark probability is less than 0.05, hence the data distribution is irregular. With a chance of 0.000000, Mark Jarque-Bera from Variable Current Ratio is as large as 35.23145. Mark probability is less than 0.05, hence the data distribution is irregular.

Because the probability Chi-Square 0.05, the findings of the Chow test were conducted using a redundant Fixed Effect - Likelihood Ratio.

Return On Assets (ROAs) are positively impacted by the Current Ratio (CR) variable. According to statistics, the chance of CR is 0.1569. This means that for every unit increase in the current-current ratio, ROA will rise by 0.1569. The probability Cross-section Chi-square obtained from the results of the Hausman test between the Fixed effects model and the Random effects model is as large as 0.3408, which indicates that the Random effects Model should be used more because the probability Cross-section Chi-square is statistically significant 5% of the time (0.3408 > 0.05).

The findings of this study are consistent with those of Hasmita's (2015) research, which discovered a significant positive relationship between liquidity and profitability.

It is determined that the data is not distributed normally based on the findings of the test results for normality, where the probability is known to be significantly less than 0.05.

Based on the results of the test, it may be inferred that there is a considerable likelihood of heteroscedasticity that is more remote than 0.05.

Result check The test's large coefficient determination of 0.862904 (86.29%) indicates

that the current ratio can independently explain the dependent variable, return on assets (ROA), which is 86.29%, while other variables that are not part of the equation model study can explain the remaining 13.71%. This.

The partial effect of the current ratio (CR) on return on assets (ROA) is demonstrated by the mark probability t-statistic > 0.05, or 1.662053 > 0.05. The findings of this study conflict with those of Nidya Afrinda, who discovered a negative and considerable impact on profitability.

A CONCLUSION AND A RECOMMENDATION

In summary

If the mark likelihood for business food and drink registered in Exchange Effect Indonesia (IDX) period 2015–2017 is lower than the significance threshold, the data is not normally distributed.

Listed food and beverage firms' profitability If the probability value for the Indonesia Stock Exchange (IDX) for the 2015–2017 period is insufficient from the level of significance, the data is not normally distributed.

Effect of liquidity on food and beverage industry profitability As can be observed from the results of the test hausman (Random effects), which was registered in Exchange Effect Indonesia (IDX) on the period of 2015–2017, influence positive because probability Cross section Chi–square more huge. The likelihood value of the t-statistic is bigger, which suggests that profitability (ROA) is partially positively impacted by liquidity (CR).

Suggestion

Management must consider the Current Ratio, Cash Ratio, Quick Ratio, Debt to Total Assets Ratio, Debt to Total Equity Ratio, and ROA components in order to maximise corporate profitability. Because of this, investors may take ratio into account before making an investment in a company. Because performance will be operational and profitability will rise if ratios are in their ideal state.

For investors, a good company is one that can make significant profits while having a low current ratio. It indicates that a corporation is efficient and successful in managing power sources. Profit is a representation of a company's performance, thus managers and investors should take this into account while evaluating information.

If possible, research that will come can add subject study, method study as tool measurement variable other, add sample which will researched, and can also expand period study which will researched in order to see the consistency of research results from year to year and more the strength of the truth of the results of this study.

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