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The Effect of Liquidity and Debt Policy on Company Performance at PT. Fast Food Indonesia Tbk.

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Abstract. This study aims to assume whether there is an effect of Liquidity and Debt Policy on Company Performance at PT. Fast Food Indonesia Tbk in 2011-2021 either partially or simultaneously. The research method used is quantitative research method . The population used in this study is the financial statements of PT. Fast Food Indonesia Tbk. The sample used is the financial statements in the form of balance sheets and income statements of PT. Fast Food Indonesia Tbk in 2011-2021. Based on the results of the research, the results of the t-test obtained a count for Liquidity (Current Ratio) of 1.191 < table 2.20099 and a significance value of 0.268> 0.05, meaning that partially Liquidity (Current Ratio) has no positive and significant effect on Company Performance (Return On). equity). And count Debt Policy (Debt To Equity Ratio) of -2,930 > table 2.20099 and a significance value of 0.019 <0.05, meaning that partially Debt Policy (Debt To Equity Ratio) has a negative and significant effect on Company Performance (Return On Equity). For the F test, Fount is 32.417 > Fable 4.26 and a significance value of 0.000 <0.05, which means that simultaneously Liquidity (Current Ratio) and Debt Policy (Debt To Equity Ratio) have a positive and significant effect on Company Performance (Return On Equity).).

Keywords: Liquidity; Debt Policy; Company Performance

A. INTRODUCTION

The economy is always undergoing changes and competition in the business world, thus demanding economic actors to apply economic principles. Generally, it is not only oriented toward achieving maximum profit but also to increase the value of the company. Fast food restaurants have the potential to continue to grow, especially in Indonesia. The more promising prospects in the fast food restaurant business, the more new companies that appear and are engaged in the same industry. This arises due to the promising market demand.

The fast food restaurant industry is an industry in the food and beverage sector with a relatively short presentation from ordering to serving customers. Generally, the dish is in the form of a burger or fried chicken. One of the fast food companies that are growing and in demand by the Indonesian people is KFC (PT. Fast Food Indonesia Tbk).

PT. Fast Food Indonesia Tbk is the holder of the franchise rights for the KFC brand in Indonesia, founded by the Galael family in 1978. PT. Fast Food Indonesia Tbk is currently continuing to expand by opening new outlets in Indonesia. Currently PT. Fast Food Indonesia Tbk has 504 stores spread across 133 cities/districts & mobile catering throughout Indonesia. And it is undeniable that PT. Fast Food Indonesia Tbk will continue to add new outlets in Indonesia.

As the size of the company grows, the company grows to be able to keep up with and meet changing market needs and compete for the best management skills. The financial condition and healthy development of the company will reflect efficiency in the company's performance which is the main demand to compete with other companies.

The main goal of the company is to make a profit. These goals can be achieved with a high level of management effectiveness. A high level of management effectiveness can be seen from the level of profitability or the level of profit of a company. The company's profitability can be seen from the Liquidity (Return On Equity) of a company, Return On Equity (ROE) measures how much profit is generated by the company compared to the paid-up capital by shareholders or investors. According to Kasmir (2015:204), Return On Equity (ROE) is a ratio to measure net profit after tax with own capital. This ratio shows the efficiency of the use of own capital. The higher this ratio, the better. This means that the position of the owner of the company is getting stronger, and vice versa.

In this study, 3 ratios were used, namely Liquidity and Solvency as Variable X or independent and Profitability as Variable Y or dependent. The Liquidity Ratio in this study uses the Current Ratio (CR) as the independent variable 1 or X1, and the Solvency Ratio in this study uses (Debt To Equity Ratio) as the independent variable 2 or X2. While the Profitability Ratio in this study uses Return On Equity as the dependent variable or Y.

According to Kasmir (2015:134) "Liquidity ratio is a ratio that describes the company's ability to meet short-term obligations (debt) that have matured". Thus, it can be said that the use of this ratio is to determine the company's ability to finance and fulfill obligations (debts) when billed. One of the company's liquidity that can be seen is the Current Ratio, which is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed in their entirety.

The solvency ratio is a ratio used to measure the extent to which the company's assets are financed with debt. So it can be said that the Solvency Ratio is used to measure the company's ability to pay all its obligations, both short-term and long-term if the company is dissolved (liquidated) (Kasmir, 2015:151). The solvency Ratio can be seen from the Debt Policy (Debt to Equity Ratio) is a debt ratio used to measure the ratio between total debt and total assets. The greater this ratio, the more unprofitable it will be because the greater the risk borne for all failures that may occur in the company.

The Debt To Equity Ratio from 2011 to 2012 decreased from 0.86 to 0.80. In 2013 the Debt To Equity Ratio increased by 0.84. Then in 2014, it decreased by 0.81 meaning that there was an increase in the company's ability to pay debts with its capital. In 2015 it

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increased to 1.07. From 2016 to 2017 the Debt To Equity Ratio increased from 1.11 to 1.13. And in 2018 the Debt To Equity Ratio decreased by 0.94.

Then from 2019 to 2021, there will be an increase of 1.05, 1.99, and 2.87 this shows that the composition of total debt (short term and long term) is greater than the total equity, so that the company's burden on the company's expenses is greater. external parties (creditors). So it can be concluded that the lower the Debt To Equity Ratio, the higher the company's ability to earn profits. Vice versa, the higher the Debt To Equity Ratio, the lower the company's ability to earn profits.

Meanwhile, Return on Equity in 2011 increased by 27.57, this shows the company's ability to generate profits by utilizing its equity and increasing company performance. From 2012 to 2013 it decreased from 20.80 to 14.20. In 2014 and 2015 Return On Equity decreased from 12.74 to 9.42. In 2016 Return On Equity increased by 14.11. In 2017 Return On Equity decreased by 12.91. Then the Return On Equity value from 2018 to 2019 increased from 13.76 to 14.55. From 2020 to 2021 Return On Equity decreased by -30.26 and -32.17. This identifies that the company's ability to generate profits with its capital is inconsistent. Therefore, the authors are interested in raising this issue by conducting research with the title "The Effect of Liquidity and Debt Policy on Company Performance at PT. Fast Food Indonesia Tbk in 2011 - 2021."

A. LITERATURE REVIEW

Liquidity Ratio

According to Kasmir (2015:130) "Liquidity Ratio or often also referred to as the working capital ratio is a ratio used to measure how liquid a company is". The company's liquidity indicates the ability to pay short-term financial obligations on time. Liquidity is not only related to the overall financial condition of the company but also relates to its ability to convert certain current assets into cash. The most common ratio used to analyze a company's capital position (liquidity) is to use the Current Ratio (CR). The current Ratio is a comparison between current assets and current liabilities and is the most commonly used measure to determine the ability of a company to meet its short-term obligations. The current Ratio shows the extent to which current assets cover current liabilities. The greater the ratio of current assets and current liabilities, the higher the company's ability to cover its short-term liabilities.

Leverage Ratio

A solvency ratio or leverage ratio is a ratio used to measure the extent to which the company's assets are financed with debt. That is, how much debt burden is borne by the company compared to its assets. The debt to Equity Ratio is a comparison between debt and equity in the company's funding and shows the company's own capital ability to meet all its obligations. According to Kasmir (2015:157) "Debt to Equity Ratio is a ratio used to assess debt to equity". This ratio is sought by comparing all debt, including current debt with all equity.

Profitability Ratio

According to Kasmir (2015:196), the Profitability Ratio (Profitability Ratio) is a ratio to assess the company's ability to seek profit. This ratio also provides a measure of the effectiveness of a company's management. The types of profitability ratios include:
a. Gross Profit Margin (Gross Profit Margin)
b. Return on Investment (ROI)
c. Return on Equity (ROE)
d. Earnings per share

Return on Equity (ROE)

ISSN (online) : 2963-5896 & ISSN (print) : 2964-0482

Return on Equity (ROE) is a profitability ratio that compares a company's net profit with its net assets (equity or capital). This ratio measures how much profit the company generates compared to the paid-in capital by shareholders.

B. RESEARCH METHODS

The type of research used in this research is quantitative research. According to Sugiyono (2017:08), quantitative research methods are research methods based on the philosophy of positivism, used to examine certain populations or samples, and the relationship of symptoms is causal. The place of this research was conducted empirically at PT. Fast Food Indonesia Tbk. which is located on Jalan M.T. Haryono, Jakarta 12810, Indonesia.

The time of this research was carried out for 10 months, starting from October to July 2022. And the data taken were financial reports at PT. Fast Food Indonesia Tbk. population in this study is the financial statements of PT. Fast Food Indonesia Tbk in 2011-2021. The sample in this study uses financial statements in the form of balance sheets and income statements of PT. Fast Food Indonesia Tbk. For the last 11 years, from 2011 to 2021.

C. RESULTS AND DISCUSSION

Classic assumption test

Normality test

Table 1

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		11
Normal Parameters[a,b]	*Mean*	.0000000
	Std. Deviation	647.32303079
Most Extreme Differences	*Absolute*	.149
	Positive	.079
	Negative	-.149
Test Statistic		.149
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 Version 25

Based on table 1 of the One-Sample Kolmogorov-Smirnov Test above, the Asymp value can be seen. Sig. (2-tailed) of 0.200 is greater than 0.05 (0.200 > 0.05), so it can be said that the data is normally distributed.

Indonesian Development of Economics and Administration Journal
ISSN (online) : 2963-5896 & ISSN (print) : 2964-0482

Multicollinearity Test

Table 2
Uji Multikolinieritas

Coefficients[a]

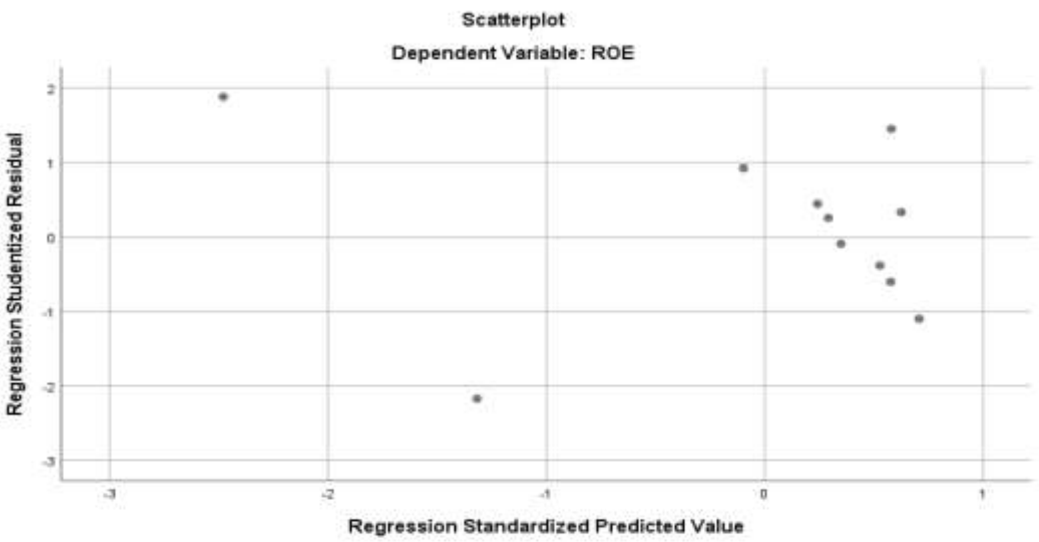
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	884.798	2825.891		.313	.762		
	CR	.150	.126	.280	1.191	.268	.248	4.038
	DER	-21.089	7.197	-.690	-2.930	.019	.248	4.038

a. Dependent Variable: ROE
Source: SPSS Version 25

Based on table 2, it can be seen that the tolerance value of the independent variables, namely, liquidity (current ratio) is 0.248 and debt policy (debt to equity ratio) is 0.248. And the VIF column shows the liquidity value (current ratio) of 4.038 and debt policy (debt to equity ratio) of 4.038. So it can be concluded that based on the Tolerance value above 0.1 and the VIF value less than 10, then in this study there is no multicollinearity.

Heteroscedasticity Test

Figure 1
Heteroscedasticity Test Results



Based on the graph above, the pattern of dots in the regression scatterplot spreads with an unclear pattern above and below the number 0 on the Y axis. So in this regression model, there is no heteroscedasticity problem.

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Autocorrelation Test

Table 3
Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.943[a]	.890	.863	723.72915	2.257

a. Predictors: (Constant), DER, CR
b. Dependent Variable: ROE
Source: SPSS Version 25

Based on table 3 above, shows that the results of the autocorrelation test obtained the Durbin Watson (d) value of 2.257. Then this value will be compared with the value of the Durbin Watson table at a significance of 5% with the formula (K; N). The number of independent variables is 2 or K = 2, while the number of samples or N = 11, then (K; N) = (2; 11). Furthermore, it can be seen in the distribution of the Durbin Watson table values which are in row N=11 and column K=2. Then found the value of dL of 0.7580 and dU of 1.6044.

T-Test (Partial)

Table 4
T-Test Results (Partial)

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	884.798	2825.891		.313	.762
CR	.150	.126	.280	1.191	.268
DER	-21.089	7.197	-.690	-2.930	.019

a. Dependent Variable: ROE
Source: SPSS Version 25

Based on table 4 above, the following conclusions can be drawn:

1) The test results show that the significance value of the liquidity variable (current ratio) (X1) is 0.268 greater than 0.05 (0.268 > 0.05). Then the value of count 1.191 is smaller than table 2.20099. Thus, it can be concluded that partially liquidity (current ratio) has no positive and significant effect on company performance (return on equity).
2) The test results show that the significance value of the debt policy variable (debt to equity ratio) (X2) is 0.019, which is smaller than 0.05 (0.019 <0.05). Then the value of count -2,930 is greater than table 2.20099. Thus it can be concluded that a partial debt policy (debt to equity ratio) has a negative and significant effect on company performance (return on equity).

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F Test (Simultaneous)

Table 5
F Test Results (Simultaneous)

***ANOVA*[a]**

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	*Regression*	33959225.120	2	16979612.560	32.417	.000[b]
	Residual	4190271.062	8	523783.883		
	Total	38149496.182	10			

a. Dependent Variable: ROE
b. Predictors: (Constant), DER, CR
Source: SPSS Version 25

Based on table 5 above, it can be seen that the value of Fount 32.417 is greater than Fable 4.26 with a significance value of 0.000 <0.05. Thus, it can be concluded that liquidity (current ratio) and debt policy (debt to equity ratio) have a positive and significant effect on company performance (return on equity).

D. CONCLUSIONS AND SUGGESTION

This study aims to determine the effect of liquidity and debt policy on company performance. Based on the results of the previous analysis and discussion, it can be concluded as follows:
1. The partial (individual) effect of liquidity proxied by the current ratio has a positive and insignificant effect on company performance as proxied by return on equity at PT. Fast Food Indonesia Tbk in 2011 - 2021.
2. Partial (individual) effect of debt policy as proxied by debt to equity ratio has a negative and significant effect on company performance as proxied by return on equity at PT. Fast Food Indonesia Tbk in 2011 – 2021.
3. Simultaneous effect (together) that liquidity as proxied by current ratio and debt policy as proxied by debt to equity ratio simultaneously has a positive and significant effect on company performance as proxied by return on equity at PT. Fast Food Indonesia Tbk in 2011 – 2021.

Based on the results of this study, the researcher provides several suggestions for further research, including:
1. For Companies
   For the company PT. Fast Food Indonesia Tbk should improve the company's financial performance by increasing liquidity and reducing debt policy so that the company's performance continues to improve so that the company's financial condition is getting better and attracts investors to invest.
2. For Investors
   Investors in assessing the performance of companies that are targeted for investment, not only pay attention to the company's liquidity but also have to pay attention to things that can influence so that investment decisions are made right.
3. For Researchers

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Further researchers, it is expected to add other independent variables that can affect the company's performance. And is expected to conduct further research on other factors that affect the company's performance.

4. Share Theory
   In theory, the one that affects the company's performance is the Debt Policy.

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