THESIS

FINANCIAL PERFORMANCE ANALYSIS OF FOOD AND BEVERAGE COMPANY LISTED ON IDX IN THE PERIOD OF 2016-2019

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as one of the requirements to obtain
Bachelor of Economics degree

complied and submitted by

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is my own scientific work and to the best of my knowledge in this thesis there is no scientific work that has been submitted by another person to obtain an academic degree at a university, and there is no work or opinion that has been written or published by another person, except those quoted in this manuscript and mentioned in the citation sources and bibliography.

If in the future it turns out that in the manuscript of this thesis it can be proven that there are elements of plagiarism, I am willing to accept sanctions for such actions and be processed in accordance with applicable laws and regulations (Law No. 20 of 2003, article 25 paragraph 2 and article 70).

Makassar, February 15th 2021

Who make the statement,

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PREFACE

Praises and gratitude the author sends to Allah SWT. Alhamdulillah, thanks to His grace, love, and mercy, the author is finally able to complete this research with title “Financial Performance Analysis of Food and Beverage Company Listed on IDX in the Period of 2016 – 2019” as one of the requirement to complete the study and obtain academic degree in Faculty of Economics and Business Universitas Hasanuddin.

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ABSTRACT

Financial Performance Analysis of Food and Beverage Company Listed on IDX in the Period of 2016 – 2019

Analisis Kinerja Keuangan Perusahaan Makanan dan Minuman yang Terdaftar di BEI pada Periode 2016 – 2019

Syahidah Asma Amani
Musran Munizu
Andi Aswan

This study aims to analyze the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period of 2016-2019 by analyzing the effects of Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO) on Return on Assets (ROA) of Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX). The population of this study were 32 companies in the food and beverage sub-sector. Purposive Sampling was used as a sampling technique and 9 selected companies met the criteria to be the research sample. This study uses secondary data and multiple regression analysis. The results showed that partially, there is no significant effect of Current Ratio (CR) on Return on Assets (ROA), there is a positive relation partially and significant effect of Debt to Assets Ratio (DAR) on Return on Assets (ROA), and there is no significant effect of Total Assets Turnover (TATO) on Return on Assets (ROA). Simultaneously, Current Ratio (CR), Debt to Assets Ratio (DAR) and Total Assets Turnover (TATO) have a positive relation and significant effect on the Return on Assets (ROA) of food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period of 2016-2019.

Keywords: Financial Performance, Current Ratio, Debt To Assets Ratio, Total Assets Turnover, Return On Assets.

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CHAPTER I
INTRODUCTION

1.1 Research Background

The development of the business world has created intense competition among similar companies. To be able to survive or even be able to thrive in this competition, companies must pay attention to the condition and performance of the company. To find out the condition and performance of the company, a proper analysis is needed. In general, the financial statements used as the media used to assess the company's performance are the income statement, balance sheet, and cash flow statement.

Competition in companies engaged in the manufacturing industry strives to produce high quality goods at low costs to increase purchasing power and competition in the market both domestically and internationally. One of the basic principles of the establishment of a company is to generate optimal profit for the sustainability of the company.

The development of the economic sector which supports the smooth running of economic activities, particularly the food and beverage sector in Indonesia is a very interesting topic to observe. Food and beverage companies are a sector that is very attractive to investors, because it is one of the sectors that can survive in the midst of Indonesia's economic conditions, because the increasing number of food and beverage companies that are established are expected to provide favorable prospects in meeting the needs of the community. In addition, the prospects for companies in this sector are very good because basically every community needs food and drink to survive.

Table 1.1 Indonesia GDP Annual Growth Rate 2018

Sources: kemenperin.go.id

The food and beverage industry is a sub-sector of manufacturing companies that continues to experience growth. The food and beverage industry is one of the mainstay manufacturing sub-sectors in making a major contribution to national economic growth.

The food and beverage industry is projected to still be one of the mainstay sectors to support manufacturing and national economic growth in 2018. The important role of this strategic sector can be seen from its consistent and significant contribution to the gross domestic product (GDP) of the non-oil and gas industry and increased investment realization.

The company's profitability can be assessed from the company's ability to generate net income from activities carried out in the accounting period. Profit is a description of the performance achieved from the general transaction process carried out by the company during a certain period. Profit is used as an indicator for stakeholders to assess the extent of management performance in managing a company.

The method for assessing company performance and achievement is by analyzing complete financial reports (financial ratios). Financial ratio analysis has benefits and uses, namely 1). To test whether the financial information produced by financial accounting is useful for classifying or predicting stock returns in the capital market, 2). As a company analysis instrument aimed at showing changes in the financial condition of the company concerned, 3). To find out the strengths and weaknesses of the company in the financial sector, 4). as an early warning system against the deterioration of the company's financial condition which resulted in not providing certainty about the company's going concern, especially for companies that go public, and 5). to assess the company's financial performance / in relation to returns.

Financial ratio analysis is an important analytical tool in assessing performance and analyzing a company's business performance. This is because by analyzing financial ratios a person will easily find out the status and business development of a company. This analysis is based on historical data presented in financial statements, both balance sheets, income statements, and cash flow statements. This analysis summarizes raw data from the current / current period and the previous period, in order to obtain information about the relationship and measurement of the company's business performance. Financial ratio analysis is intended to determine financial characteristics such as level of fluency in the short term (liquidity), ability to meet long-term obligations (solvability), level of profit (profitability) and level of corporate activity (activity).

The calculation of the ratios contained in the analysis of financial statements is often used to analyze and assess the company's financial performance because it is a simpler way by providing relative measurement results. Assessment of the company's financial performance is based on comparison of data obtained from the company's income statement and company balance sheet.

The ratio analysis used will be the basis for the company in evaluating the management performance and financial management of the company to obtain the resulting profit. Financial ratios are activities to compare the numbers in the financial statements by dividing one number by another. Comparisons can be made between one component and another in a financial report or between components that exist among the financial statements.

One of the measurements that can be used in measuring the company's financial performance by looking at the profits that the company gets is through Return on Assets (ROA). ROA calculation will change if the company's profit has increased or decreased. The higher the profit generated, the higher the calculation results will be obtained, so that the measurement of profit in this study uses Return on Assets (ROA). The amount of company profit can be influenced by several factors used in this study, namely Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO).

Current Ratio (CR) measurement is based on the comparison of current assets with short-term debt that must be paid by the company. In other words, how many current assets are available to cover short-term liabilities that are due soon. The higher the CR of a company means the smaller the risk of failure of the company to fulfill its short-term obligations. A low CR is also relatively more risky, but indicates that management is using its current assets effectively to increase profits.

Debt to Assets Ratio (DAR) is the comparison between the amount of debt and total assets. The company's policy to use funding with debt will greatly affect profits. This is due to the use of excessive debt will increase the risk of corporate bankruptcy. The higher the DAR values, the higher the dependence on outsiders. This has an impact on the possibility of a decrease in company performance.

Total Assets Turnover (TATO) is a company's asset turnover measured by sales volume. The reason for choosing this ratio is because the company's effectiveness in generating sales using its assets will be shown through the TATO calculation. This ratio measures the turnover of all company assets, if low TATO results indicate that the company is not generating enough sales. In other words, the higher the turnover of a company's assets, the more effective the company will be in managing its assets and the better the level of efficiency in using assets to support sales.

Based on the concept above, in this study the variables of Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO) will be used as independent variables that affect profitability, where profitability is calculated using return on assets (ROA).

Table 1.2 Return on Assets of Research Sample

RETURN ON ASSETS						
NO.	**COMPANY CODE**	**2016**	**2017**	**2018**	**2019**	**Rata-rata**
1	**ICBP**	0,13	0,11	0,14	0,14	0,13
2	**IIKP**	-0,08	-0,04	-0,05	0,22	0,04
3	**INDF**	0,06	0,06	0,05	0,06	0,06
4	**MLBI**	0,43	0,53	0,42	0,42	0,46
5	**MYOR**	0,11	0,11	0,10	0,11	0,11
6	**ROTI**	0,10	0,03	0,03	0,05	0,04
7	**SKLT**	0,04	0,04	0,04	0,06	0,05
8	**STTP**	0,07	0,09	0,10	0,17	0,12
9	**ULTJ**	0,17	0,14	0,13	0,16	0,14

Sources: idx.co.id

Financial reports sometimes become a problem in several companies that are of special concern and need to be handled seriously because the good and bad financial reports describe the company's financial performance. The company's financial performance is one of the bases for assessing the company's financial condition based on an analysis of the company's financial ratios. The financial performance of a company is a means for the company to obtain an assessment from the public, including potential investors who want to invest their capital in a company whose financial performance is considered healthy by investors.

Based on the background above, the authors are interested in conducting research with the title: "**Financial Performance Analysis of Food and Beverage Company Listed on IDX in the Period of 2016 – 2019"**

1.2 Research Questions

1. Does Current Ratio (CR) positively and significantly affect Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019?
2. Does the Debt To Assets Ratio (DAR) positively and significantly affect Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019?
3. Does Total Assets Turnover (TATO) positively and significantly affect Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019?
4. Does Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO) positively and significantly affect Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019?

1.3 Research Objectives

1. To determine the effect of Current Ratio (CR) on the Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019.
2. To determine the effect of Debt To Assets Ratio (DAR) on the Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019.
3. To determine the effect of Total Assets Turnover (TATO) on the Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019.
4. To determine the effect of Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO) on the Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019.

1.4 Research Significance

1.4.1 Theoretical Use

To contribute ideas about improving management science regarding the financial performance analysis using Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO), and the effect on company's Return on Assets (ROA). In addition, this study can be used as a basis for expanding research, especially research related to the fundamental factors associated with ROA in future studies.

1.4.2 Practical Use

To contribute to the development of knowledge through an analysis of the financial performance of the food and beverage sub-sector companies listed on the IDX. The results of this research can be used as input for the food and beverage sub-sector companies in the process of making decisions so as not to take wrong steps in formulating policies regarding corporate financial performance, which in this case refers to profitability.

1.5 Research Structure

The structure of this research is divided into five chapters. The introductory section includes the research title, approval sheet, validation page, statement of authenticity, preface, abstract, table of contents, list of figures and charts, list of tables, and list of attachments.

Chapter I: Introduction, contains the background, research questions, research objectives, research significance, and research structure.

Chapter II: Literature Review, contains the theoretical basis, previous research, and hypotheses.

Chapter III: Research Methodology, describes research variables and operational definitions of variables, population and sample, types and sources of data, data collection methods, and data analysis.

Chapter IV: Results and Analysis, explains the object of research, data analysis, and interpretation of results.

Chapter V: Closing, contains conclusions on the results, limitations, and research suggestions.

CHAPTER II
LITERATURE REVIEW

2.1 Financial Management

Financial management is an integration of science and art that examines and analyze the efforts of a financial manager by using all company human resources to seek funding, manage funding, and share funding with the goal of being able to provide profit or welfare for shareholders and business sustainability for economic entities (Tampubolon, 2005: 1)

According to Kariyoto (2018), there are several scopes of financial management, namely:

1. How to get funds

This stage is the initial stage of the duties of a financial manager, where he is responsible for hunting sources of faunding that can be used or used as a source of capital from outside the company in the form of loans from banks for company capital. In general, manufacture capital comes from own capital and foreign capital. Own capital, which is in the form of paid-up owner's capital, is used as manufacturing capital such as stocks, and foreign capital in the form of loans from banks, sales of shares, including trade payables and bonds as well as others.

2. How about fund management

This stage, the financial manager is in charge of dividing the manufacturing funds and then investing in the locations of these funds which are considered to be profitable or profitable. A financial manager will always supervise and analyze carefully every action and decision that will be taken by considering financial and non-financial aspects, especially situations that may result in profit and sustainability of the company in the future. In the investment concept, a financial manager will always avoid investment decisions that will only cause losses or even have low profits, or in other words, a financial manager is generally a risk avoider.

3. How to share funds

In this stage, the financial management will make a decision to share profits with the relevant shareholders with the quantity of capital paid up or invested.

According to Horne & Wachowicz, Jr (2009) there are three functions of financial management, namely: (1) Investment decision, (2) Financing decisions, and (3) Asset management decisions.

The following is an explanation of the 3 functions of financial management according to Harjito & Martono (2010), namely:

1) An investment decision is a decision on what assets will be managed by the company. This investment decision is the most important decision among the three existing functions. This is because this investment decision has a direct effect on the profitability of the investment and the company's cash flow for the future. Profitability of investment (return on investment) is the ability of the company to get the profit.
2) The funding decision focuses on two things. First, decisions regarding determining the source of funds needed to finance investment. The source of funds that will be used to finance these investments can be short-term debt, long-term debt and equity. Second, the determination of the best balance of spending or often called the optimum capital structure. Therefore, it is necessary to determine whether the company will use external sources of funds originating from debt by controlling new shares so that the capital costs borne by the company will be minimal.
3) The financial manager along with other managers in a company are responsible for various levels of operation of existing assets. The allocation of funds used for procurement and asset limitation is the responsibility of the financial manager. This responsibility requires

financial managers to pay more attention to the management of current assets than fixed assets.

2.2 Financial Statements

Financial reports according to the Indonesian Institute of Accountants (2015) in Financial Accounting Standards (SAK) No. 1, it is stated that the financial statements are part of the financial reporting process and the financial statements are a structured presentation of the financial position and financial performance of an entity. Complete financial statements usually include balance sheets, income statements, statements of changes in financial position (which can be presented in various ways for example, as cash flow statements, or cash flow statements), notes and other reports and explanatory material that are an integral part of financial statements. In addition, it also includes schedules and additional information relating to the report, for example financial information on industrial and geographic segments and disclosures of the effects of price changes.

The financial report is a summary of a recording process, which is a summary of financial transactions that occurred during the financial year concerned. (Baridwan, 2004: 17)

Financial reports describe the financial condition and results of operations of a company at a certain time or for a certain period of time. The types of financial statements that are commonly known are balance sheets, income statements, or business results, cash flow reports, changes in financial position reports. (Harahap, 2013: 105)

According to Machfoedz & Mahmudi (2008) financial statements can also be interpreted as the final result of the accounting process. The accounting process starts from proof of transactions, then recorded in a daily journal called a journal, then periodically the journal is grouped into a ledger according to the transaction, and the last stage and the accounting process is the preparation of financial statements.

2.3 Financial Statements Objectives

Financial reports objectives is to provide information about the company's financial position, financial performance, and cash flow that is useful for most users of financial statements in making economic decisions. Financial statements are also a form of management's responsibility for the use of resources entrusted to them in managing a company. (Hans, 2016: 126)

The purpose of financial statements is to provide information regarding the financial position, performance and changes in the financial position of an entity that is useful for a large number of users in making economic decisions. Financial reports prepared for this purpose meet the common needs of most users. However, financial statements do not provide all the information that users may need in making economic decisions because they generally reflect the financial effects of past events, and are not required to provide non-financial information. (Hutauruk, 2017: 10)

The objectives of financial statements according to Sawir (2005) are:

1) Provide financial position information, performance and changes in financial position of a company.
2) Financial reports are prepared to meet mutual needs or most of the users, who generally describe the financial effects of past events.
3) The financial report also shows what management do or responsible for the resources entrusted to it.

2.4 Financial Statements Analysis

Financial statement analysis is an analysis of financial statements which consists of reviewing or studying the relationship and tendencies or trends to determine the financial position and results of operations as well as the development of the company concerned. (Munawir, 2010: 35)

Financial statement analysis consists of two words, namely, analysis and financial reports. Soemarso (2010) states that financial statement analysis is the relationship between a number in a financial report with other numbers that have meaning or can explain the direction of change in a phenomenon.

Financial statement analysis is Breaking the financial statement accounts into smaller units of information and looking at the relationship that is significant or has meaning between one another, both quantitative data and non-quantitative data with the aim of knowing deeper financial conditions which are very important in the process. make the right decision. (Harahap, 2009: 190)

Meanwhile, according to Subramanyam & Wild (2010: 3) states that financial statement analysis is the application of analytical tools and techniques for general purpose financial reports and related data to produce estimates and conclusions that are useful in business analysis.

Based on the above opinions, it can be said that financial statement analysis is the relationship of the numbers or components contained in the financial statements, which are used to determine the condition of the company.

2.5 Signaling Theory

Brigham & Ehrhardt (2005) define signal as an action taken by company management that provides instructions for investors about how the future management of the company's prospects. Information is an important element for investors and business people because information essentially provides notes or descriptions for the past, present and future conditions for the survival of a company.

Signaling theory explains why companies have the urge to provide financial statement information to external parties. The encouragement of companies to provide information is because there is information asymmetry between the company and outside parties because the company knows more about the company and its future prospects than outsiders (investors and creditors).

Using the signaling theory, information in the form of ROA or the rate of return on assets or also how much profit is obtained from the assets used. Thus, if the ROA is high, it will be a good signal for investors. Because high ROA shows that the company's financial performance is good, investors will be interested in investing their funds in the form of securities or stocks.

Signaling theory is one of the pillar theories in understanding financial management. In general, signals are interpreted as signals made by the company (manager) to outsiders (investors). These signals can take many forms, both those that can be directly observed and one that requires more in-depth study to find out. Signals conveyed through corporate actions can be in the form of positive signals and negative signals. Whatever form or type of signal is issued, all of them are intended to imply something in the hope that the market or external parties will change the valuation of the company. That is, the signal chosen must contain the strength of information (information content) to be able to change the assessment of the company's external parties.

2.6 Financial Ratio

Financial ratios are useful for analyzing financial conditions and assessing management performance in a company. The financial statements carry out activities that the company has carried out in a certain period. The activities that have been carried out are stated in numbers. These numbers will be more if we can compare one component with another. After making comparisons, it can be concluded that the financial position of a company for a certain period.

Financial ratios is a number obtained from the comparison of one financial statement account with other accounts that have a relevant and significant relationship. (Harahap, 2010: 297)

Financial ratios are an activity of comparing numbers in financial reports by dividing one number by another. Comparisons can be made between one component with another components in one financial report or between components that exist between financial statements. (Kasmir, 2012: 104)

Financial ratios are an analytical technique in the field of financial management that is used as a means of measuring the financial condition of a company in a certain period, or the business results of a company in a certain period by comparing the two variables from the company's financial statements, both balance sheet and profit and loss list. (Irawati, 2005: 22)

Meanwhile, according to Fahmi (2012: 107) financial ratios is very important to analyze the company's financial condition. In general, short and medium term investors are more interested in short-term financial conditions and the company's ability to pay adequate dividends. This information can be found in a simpler way, namely by calculating financial ratios as desired.

2.7 Financial Ratio Analysis

Financial ratios describe a relationship between certain amounts and other amounts. With this ratio tool will be able to explain or provide an overview to the analyzer about the good or bad financial position of a company and aims to see to what extent the accuracy of management policies in managing company finances in each year.

According to Samryn (2011), Financial Ratio Analysis is a way to make comparisons of company financial data more meaningful. Financial ratios are the basis for answering several important questions about the financial health of a company.

Financial ratio analysis is financial analysis which includes analysis of financial ratios, analysis of weaknesses and strengths in finance will be very helpful in assessing past management achievements and prospects in the future. This ratio can provide an indication of whether the company has sufficient obligations to meet its financial obligations, the amount of receivables is quite rational, inventory management efficiency, sound investment expenditure planning and a sound capital structure so that the goal of maximizing shareholder wealth can be achieved. (Sartono, 2010: 113)

Ratio analysis is a method of analysis to determine the relationship between certain items in the balance sheet or income statement individually or a combination of the two reports. (Munawir, 2004: 37) Financial Ratio analysis can be used to guide investors and creditors to make decisions or considerations about the company's achievements and future prospects.

2.8 Current Ratio

Current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when they are collected as a whole. In other words, how many current assets are available to cover short-term liabilities that are due soon. The current ratio can also be said as a form of measuring the level of security (margin of safety) of a company. (Kasmir, 2014: 134)

Current ratio according to Horne & Wachowicz (2007) is obtained by calculating total current assets divided by short-term liabilities. This ratio shows the company's ability to pay short-term liabilities using current assets.

Halim and Hanafi (2009: 204) states that current ratio is calculated by dividing current assets by current liabilities. This ratio shows the amount of cash the company has plus assets that can turn into cash within one year, relative to the amount of debts that are due in the near term (not more than 1 year), on a certain date as listed on the balance sheet.

Current ratio is a commonly used measure of short-term solvency. This ratio is a ratio that measures the company's ability to pay short-term obligations or debts that are due immediately when they are collected as a whole. (Fahmi, 2015: 121) the formula used to calculate Current Ratio is:

$$\mathrm{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2.9 Debt to Asset Ratio

Debt to Asset Ratio (DAR) is one of the ratios used to measure the solvency level of a company. The level of solvency of the company is the company's ability to pay its long-term obligations. The solvency ratio or leverage ratio is a ratio used to measure the extent to which the company's assets are financed with debt.

In other words, leverage ratio is the ratio used to measure how much debt the company must bear in order to fulfill its assets. In a broad sense, leverage ratio is used to measure the company's ability to meet all of its obligations, both short-term and long-term.

Companies with high leverage ratios (having large debts) can have an impact on the emergence of large financial risks, but also have a great opportunity to generate high profits. While, companies with low leverage ratios have little financial risk, but they may also have a low chance of making large profits.

Debt to Asset Ratio is a ratio used to measure the ratio between total debt and total assets. In other words, this ratio is used to measure how much the company's assets are financed by debt or how much the company's debt has an effect on asset financing. (Hery, 2016: 75)

Debt to Asset Ratio (DAR) is debt ratio used to measure how much the company's assets are financed by debt or how much the company's debt affects asset management. (Kasmir, 2009: 114)

Debt to Asset Ratio is ratio that measures the share of assets used to guarantee overall liabilities. (Hantono, 2018: 13)

From the various definition above, it can be concluded that the Debt to Asset Ratio (DAR) is a financial ratio used to measure how much the company's assets are financed by debt or how much the company's debt has an effect on asset management. The smaller the Debt to Asset Ratio, of course the better for the company, the use of own capital or being financed by debt will have a certain impact on the company depending on the policies taken by management.

Debt to Asset Ratio is the ratio between total debt, both long-term debt and short-term debt, to total assets, both current assets and fixed assets and other assets. This ratio shows the amount of debt used to finance assets used by the company in carrying out its operational activities.

Based on the results of the measurements made, if the amount of the debt to assets ratio is high, it will reduce the company's ability to obtain additional loans from creditors because it is feared that the company will not be able to pay off its debts with the total assets it has. A small ratio indicates that the small number of company assets is financed by debt (in other words that most of the assets owned by the company are financed by capital).

According to Hery (2016: 76) the formula used to calculate Debt to Asset Ratio is:

$$\mathrm{DAR} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

2.10 Total Asset Turnover

Total Assets Turnover (TATO) is one activity ratio used to determine the effectiveness of the company in managing its business (using its assets), including to measure the level of efficiency of the company in utilizing existing resources.

This ratio is also used to assess the company's ability to carry out daily activities. The company's operating activities require investment, both short-term and long-term assets. This ratio compares sales to total assets.

Total Assets Turnover (TATO) is ratio used to measure the effectiveness of the total assets owned by the company in generating sales or in other words to measure how many sales will be generated from each rupiah of funds embedded in total assets. (Hery, 2016: 99)

Total Assets Turnover (TATO) the ratio used to measure the turnover of all assets owned by the company. Then also measure how many sales are obtained from each rupiah of assets. (Kasmir, 2009: 6)

Total Assets Turnover (TATO) shows the management's ability to manage all investments (assets) in order to generate sales. In general, it is said that the greater this ratio is better because it is a sign that management can utilize every dollar of assets to generate sales. (Hantono, 2018: 14)

Based on various definitions above, it can be concluded that Total Assets Turnover (TATO) is a ratio used to measure the turnover of all assets owned by the company and to measure the increase in sales of assets owned by the company. The higher the asset turnover means that the company has been able to make sales using all of its assets.

Total Asset Turnover (TATO) shows the level of efficiency in the use of all company assets in producing a certain sales volume. Total Asset Turnover (TATO) is more important for creditors and company owners, because this will show the efficiency of the actions of all company assets. This ratio is calculated as the dividend between the amount of sales (cash or credit) and the average total assets.

Average total assets means it is the total assets at the beginning of the year plus total assets at the end of last year divided by two. Low total asset turnover means that the company has an excess of total assets, where the total assets have not been fully utilized to create sales.

According to Hantono (2018: 14) to find the value of Total Assets Turnover (TATO) is:

$$\text{TATO} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

2.11 Return on Assets

Return on Asset (ROA) is an indicator that measures how well a company uses its assets to generate profits. Return on Asset ROA is included in one of the profit ratios. So, the higher the (ROA) value of a company, it means that the company is getting better performance in generating net income. Usually this Return on Asset (ROA) is used as a part of fundamental analysis. Therefore, it is often used as a consideration in making investment decisions.

Return on Assets (ROA) is a ratio used to measure a company's ability to generate profits from investing activities. (Mardiyanto, 2009: 196) This ratio is used to measure the ability of management to obtain profits (profits) as a whole. The greater the Return on Assets (ROA), the greater the level of profit achieved by the company and the better the company's position in terms of asset use. (Dendawijaya, 2003: 120)

Return on Assets (ROA) is a ratio used to measure the net profit obtained from the use of assets. In other words, the higher this ratio, the better the asset productivity in obtaining net profit. (Lestari & Sugiharto, 2007: 196)

Tandelilin (2010) states that Return on Assets (ROA) is a ratio that describes the extent to which the company's ability to utilize all its assets (assets) to generate net profit after tax. While according to Horne & Wachowicz, Jr. (2005), Return on Assets (ROA) is a measuring tool for assessing the level of effectiveness of a company in generating net income through available assets.

Return on Assets (ROA), which compares the profit after tax with total assets. This ratio is used to measure the company's overall ability to generate profits with the total number of assets available in the company. Return On Assets (ROA) is a company's financial ratio related to profitability that measures the company's ability to generate profits or profits at certain levels of income, assets and share capital. (Halim & Hanafi, 2003: 27)

$$\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$$

2.12 Previous Researches

Table 2.1 Previous Researches Summary

No	Researches	Research Titles	Reserach Results
1	Nusbantoro (2011)	Financial Ratio Analysis of Food and Beverage Companies Listed on Indonesia Stock Exchange	• Current Ratio, Inventory Turnover, and Total Assets Turnover are significantly affect Return on Equity. • Debt to Equity Ratio has negative and significant effect on Return on Equity.
2	Nidya A. (2014)	Analysis the Effect of Liquidity and Solvability on the Profitability of Food and Beverage Companies Listed on Indonesia Stock Exchange (IDX)	• Current Ratio has negative and significant effect on Return on Assets (ROA). • Cash Ratio has negative and no significant effect on ROA. • Quick Ratio has positive and significant effect on ROA. • Debt to Total Assets Ratio (DAR) and Debt to Equity Ratio (DER)

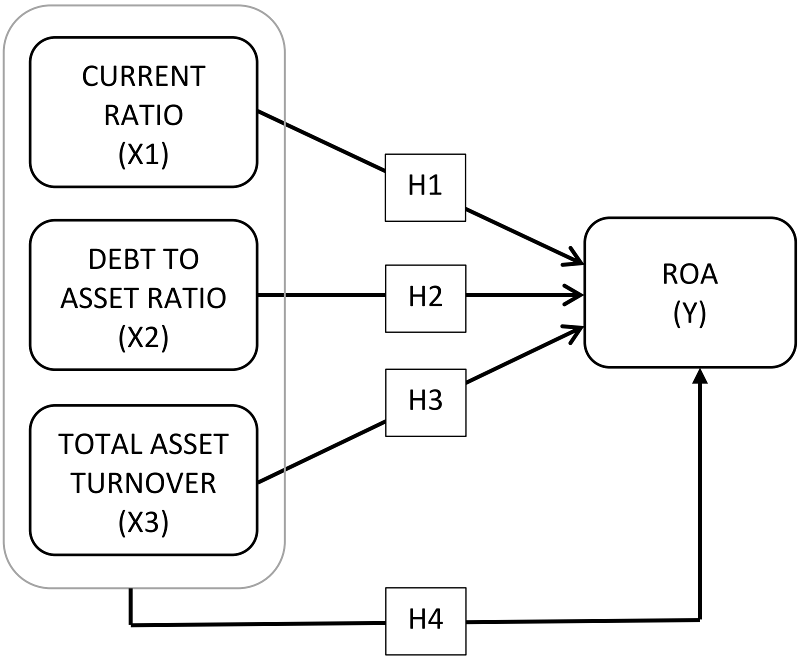
			have negative and no significant effect on ROA. • Long Term Debt to Equity Ratio has positive and significant effect on ROA. • Simultaneously, Current Ratio, Cash Ratio, Quick Ratio, Debt to Total Assets Ratio (DAR), Debt to Equity Ratio (DER) and Long Term Debt to Equity Ratio (LDER) have significant effect on profitability (ROA).
3	Wahyuni, Andriani, & Martadinata (2018)	Analysis the Effect Of Current Ratio, Debt To Equity Ratio, and Total Asset Turnover on Company Profitability	• Current Ratio (CR) and Debt to Equity Ratio (DER) has a negative effect on Return on Assets (ROA). • Total Asset Turnover (TATO) has a positive effect on Return on Assets (ROA).

			• Simultaneously, CR, DER, and TATO have an effect on ROA.
4	Chanifah & Budi (2019)	Analysis of Financial Ratios towards Financial Performance	• Current Ratio (CR) has no effect on financial performance. • Debt to Total Asset Ratio (DAR) has a negative effect on financial performance. • Debt to Equity Ratio (DER) has a positive effect on financial performance. • Simultaneously CR, DAR and DER have no effect on financial performance.
5	Budhiyanto, Swandari, & Jikrillah (2020)	Financial Performance of Food and Beverage Companies Listed on Indonesia Stock Exchange in Terms of Financial Ratios	• Fixed Assets Turnover, Total Assets Turnover and Working Capital Turnover had impacts on Return on Assets in the first equation. • In the second equation Fixed Assets Turnover and

			Working Capital Turnover had impact on Return on Equity.

2.13 Conceptual Framework

Figure 2.1 Research Conceptual Framework



2.14 Hypothesis

H1: There is a positive relation partially and significant effect between Current Ratio (CR) and Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019 period.

H2: There is a positive relation partially and significant effect between Debt To Assets Ratio (DAR) and Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019 period.

H3: There is a positive relation partially and significant effect between Total Assets Turnover (TATO) and Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019 period.

H4: Current Ratio (CR), Debt To Assets Ratio (DAR), and Total Assets Turnover (TATO) has a positive relation and significant effect simultaneously on the Return on Assets (ROA) of the food and beverage sub-sector manufacturing companies listed on the IDX for the 2016-2019 period.