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The Effect of Receivables Turnover, Inventory Turnover and Current Ratio on Profitability

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Abstract

Manufacturing companies in the food and beverage sub-sector in 2015-2019 show corporate profit figures that fluctuate yearly. With this phenomenon, companies must strive to increase profits through cost management and know the factors that significantly influence the level of Return On Assets. This study aims to determine the effect of Accounts Receivable Turnover, Inventory Turnover, and Current Ratio on Return on Assets. The population of the food and beverage sub-sector companies listed on the Indonesia Stock Exchange 2015-2019 is 130, with a sample of 70 using a purposive sampling technique. This study uses quantitative causal analysis. The results of this study indicate that Accounts Receivable Turnover (X1) and Inventory Turnover (X2) has a significant negative effect. In contrast, the Current Ratio (X3) significantly positively affects Return on Assets.

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INTRODUCTION

Competition in the business world for food and beverage sub-sector companies is getting more challenging, so companies must improve their financial performance to generate profits for these companies. Quoting news.detik.com sources, the food and beverage industry is one of the mainstay manufacturing sectors in making a significant contribution to national economic growth. The performance achievements of companies in the food and beverage sub-sector have been consistent and positive, starting from their role in increasing investment productivity and exports to employment. This fact is supported by data from the Ministry of Industry, which shows that throughout 2018 the food and beverage industry was able to grow by 7.91% or exceed national economic growth at 5.17%. Production growth for the large and medium manufacturing industries in the fourth quarter of 2018 increased by 3.90% yoy compared to the fourth quarter of 2017. One of the reasons was the beverage industry's increased production, which reached 23.44%. The food industry is one of the sectors that support the increase in the value of the national investment, which in 2018 contributed up to IDR 56.60 trillion. Realized total investment in the manufacturing sector last year reached Rp 222.3 trillion. Realized total investment in the manufacturing sector last year reached Rp 222.3 trillion and

was recorded as contributing the most to the value of national exports. In 2017, the export value of national manufactured products was USD 125.1 billion, and USD 130 billion in 2018, an increase of 3.98%.

Table 1. Food and Beverage Company Net Profit (in millions)

Company Name	**2019**	**2018**	**2017**	**2016**	**2015**
ICBP	Rp 5.360.029	Rp 4.658.781	Rp 3.543.173	Rp 3.631.301	Rp 2.923.148
INDF	Rp 5.902.729	Rp 4.961.851	Rp 5.097.264	Rp 4.852.481	Rp 3.231.713
AISA	Rp 1.134.776	Rp 123.513	Rp 846.809	Rp 719.228	Rp 373.750
ROTI	Rp 236.518	Rp 127.171	Rp 135.364	Rp 279.777	Rp 270.538
ALTO	Rp 7.383	Rp 33.021	Rp 62.849	Rp 26.500	Rp 24.345
CEKA	Rp 215.459	Rp 92.649	Rp 107.420	Rp 249.697	Rp 106.549
DLTA	Rp 312.114	Rp 347.689	Rp 276.390	Rp 258.831	Rp 191.304
MLI	Rp 139.915	Rp 1.224.807	Rp 1.322.067	Rp 982.129	Rp 496.909
MYOR	Rp 2.039.404	Rp 1.760.434	Rp 1.630.953	Rp 1.388.676	Rp 1.250.233
PSDN	Rp 25.762	Rp 46.599	Rp 32.172	Rp 36.662	Rp 42.619
SKBM	Rp 957	Rp 15.954	Rp 25.880	Rp 22.545	Rp 40.150
SKLT	Rp 44.943	Rp 31.954	Rp 22.970	Rp 20.646	Rp 20.066
STTP	Rp482.590	Rp 255.088	Rp 216.024	Rp 174.176	Rp 185.705
ULTJ	Rp 304.424	Rp 701.607	Rp 718.402	Rp 709.825	Rp 523.100

Source: www.idxcom

Based on table 1, manufacturing companies in the food and beverage sub-sector in 2015-2019 show corporate profit figures that fluctuate yearly. Given this phenomenon, companies will seek to increase profits through cost management and identify the factors that significantly influence the level of Return On Assets. By knowing the factors that can affect company profits, so the company can determine steps to overcome problems and minimize future obstacles. In previous studies, the results of Wijaya & Tjun Tjun (2018) research (2018) stated that cash and accounts receivable turnover did not significantly affect profitability. In contrast to the research results of Ikhsan & Suryani (2018), cash and accounts receivable turnover simultaneously significantly affect profitability (Return On Assets). Based on the phenomenon and explanation above with the difference in the results of previous studies, the authors are interested in conducting another study between accounts receivable turnover, inventory turnover, and current ratio to profitability in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange.

This study aims to determine and prove the influence of accounts receivable turnover on profitability, the effect of inventory turnover on profitability, and the effect of the current ratio on profitability. This research is expected to provide a theoretical contribution that offers benefits in the form of additional empirical references and as a learning tool to improve abilities in relevant and scientific research fields. This research is also expected to contribute ideas about the importance of accounts receivable turnover, inventory turnover, and liquidity (Current Ratio) to increase company profits or

profitability and contribute to efforts to improve taxpayer compliance by knowing the factors that influence taxpayer compliance.

Stakeholder Theory

Stakeholder theory begins with the assumption that value is an explicit and undeniable part of business activity (Freeman et al., 2004). Stakeholder theory says that a company is not an entity that only operates for its own sake but must benefit stakeholders (shareholders, creditors, consumers, suppliers, government, community, analysts, and other parties). Thus, the existence of a company is strongly influenced by the support provided by stakeholders to the company (Chariri & Ghozali, 2007). The company's relationship with stakeholders is built based on the concept of use which makes cooperation in creating business continuity. In contrast, the relationship with stakeholders outside the company is based on a functional relationship that is based on partnerships. The company besides collecting profits also builds quality of life with stakeholders outside the company. It can be concluded that stakeholder theory is a theory that considers the interests of stakeholder groups that can influence corporate strategy. Company management influences the application of transparency (Pradita & Yahya, 2020).

Profitability

According to Dewi & Wirajaya (2013), profitability shows the company's ability to earn profits by selling products or services to increase the company's total assets and capital. Return On Asset (ROA) is one of the financial ratios used to measure a company's ability to generate profits from the company's operational activities (Nugroho et al., 2019). The greater the ROA, the greater the level of profit achieved by the company and the better the company's reputation in the eyes of investors. The following is the calculation of the Return On Assets formula (Sugiyono & Untung, 2016):

Receivable Turnover

The receivables turnover ratio (Receivable Turnover) is the ratio used to measure how long or how many times the funds invested in these receivables rotate in one period. The receivables turnover ratio measures how often the average receivables are collectable during one period (Subranyaman & Wild, 2008). The sale on credit will give rise to receivables whose risks will be borne by the company. The risk due to receivables is in the form of costs, reducing the company's profit. The receivables turnover rate can be calculated using the formula (Kasmir, 2014):

According to (Munawir, 2010), the decrease in the receivables turnover ratio can be caused by the following factors: Decreasing sales and increasing receivables ; A significant reduction followed the decline in receivables in sales ; A significant increase followed the increase in sales in receivables.; Falling sales with fixed receivables.; Increased sales while accounts receivable did not change.

The higher the receivables turnover rate, the faster the funds invested in trade receivables can be billed into cash or shows a working model embedded in low receivables. Conversely, if the receivables turnover rate is low, trade receivables take longer to be billed in money.

Inventory Turnover

According to Bangun (2018), inventory is the main element of working capital, an asset in constant rotation and constantly changing. Determining the amount of investment or capital allocation in inventory directly impacts company profits. Because if there is an error in determining the amount of investment in inventory will reduce the company's profits. If it is too small in inventory, it will have a depressing impact on the company. Inventory turnover is the number of times goods are sold and held back during a certain period (Rahayu & Susilowibowo, 2014). The higher the inventory turnover rate, the shorter or better the average time between investment in inventory and sales transactions. According to Kasmir (2014), inventory turnover can be calculated using the formula:

A good inventory turnover is needed to accelerate cash returns through sales from processing inventory into ready-to-sell products. Inventory turnover shows how many times inventory is replaced in a year. A high inventory turnover rate indicates that the company has a high sales level. With a high inventory turnover rate, the risk of loss and cost to inventory can be minimized.

Current Ratio

Liquidity is a ratio that describes a company's ability to meet its short-term obligations due soon (Mahardika, 2019). The current ratio is the ability of a company to meet debt needs when they fall due. The higher the current ratio, the greater the company's ability to meet short-term obligations. A current ratio that is too high indicates an excess of idle current assets. This is not good for company profitability because current assets generate lower returns than fixed assets (Supardi et al., 2018). The higher the company's current ratio, the smaller the risk of failure in fulfilling its short-term obligations (Saragih, 2015). As a result, the risk that shareholders will bear will also be smaller. A high current ratio value of a company will reduce uncertainty for investors but indicates the existence of idle funds that will reduce the level of company profitability. A high current ratio indicates an excess of cash or other current assets compared to what is needed now. The current ratio is calculated by comparing total assets with current liabilities. The following is the formula for calculating the current ratio:

Based on the framework above, the framework in this study is as follows:

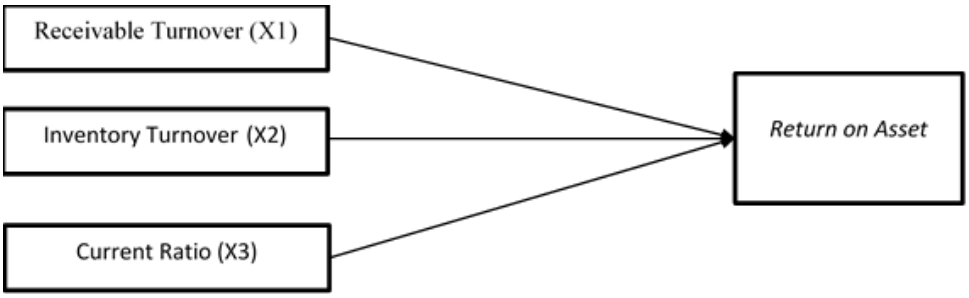

Figure 1. Research Framework

METHOD

This research is causal research, where the researcher aims to test hypotheses about the effect of one or several variables. Causal research design is used to prove the cause and effect relationship of several variables. The population in this study are food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019, comprising 26 companies. Sampling in this study used a purposive sampling method, a sampling technique with certain considerations in which the requirements are made as criteria the sample must meet to obtain a representative sample (Sugiyono, 2017). Based on the determination of sampling using the purposive sampling technique, the sample number in this study was 14 companies.

This research was conducted from March to June 2020. This research uses secondary data obtained from literature study, namely by studying, classifying, and analyzing secondary data in the form of notes to financial reports and other information related to the scope of research and annual financial reports issued by manufacturing companies in the food and beverage sub-sector obtained from the Indonesia Stock Exchange website (www.idx.com) during 2015-2019. Data were analyzed and processed using descriptive, classical assumption, and hypothesis analysis using SPSS software version 25.

RESULTS

Analisis Statistik Deskriptif

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Receivable Turnover	70	1.04	17.07	569.63	8.1376	.46511	3.89136
Inventory Turnover	70	1.09	26.00	487.78	6.9682	.63604	5.32149
Current Ratio	70	15.24	863.78	16227.08	231.8154	22.23344	186.01830
Return on Asset	70	-.10	.61	7.27	.1038	.01658	.13872
Valid N (listwise)	70						

Figure 2. Descriptive Statistical Test Results

Source: SPSS 25 output results

Based on the results of the descriptive statistical test in Figure 4.2, it can be concluded:

Receivables turnover had the highest value obtained at PSDN in 2016 at 17.07, and the lowest turnover was obtained at MLI in 2019 at 1.04. The mean or average receivable turnover is 8.14, with a standard deviation of 3.89136. The standard deviation of accounts receivable turnover is smaller than the mean, indicating that the deviation of the receivables turnover data is relatively small, with a small data deviation indicating that the receivables turnover data is quite good.

Inventory Turnover has the highest value obtained at ROTI 2016 of 26.00, and the lowest receivables turnover was obtained at ULTJ in 2019 at 1.09. The mean or average inventory turnover is 6.97, with a standard deviation of 5.32. The standard deviation of inventory turnover is smaller than the mean, indicating that the deviation of the inventory turnover data is relatively small, with a small deviation showing that the inventory turnover data is quite good.

The Current Ratio has the highest value obtained at DLTA in 2017 of 863.78, and the lowest current ratio was obtained at AISA in 2018 at 15.24. The mean or average current ratio is 231.82, with a standard deviation of 186.01. The standard deviation of inventory turnover is smaller than the mean, indicating that the deviation of the inventory turnover data is relatively small, with a small deviation showing that the inventory turnover data is quite good.

Return On Assets has the highest value obtained at AISA 2019 of 0.61, and the lowest ROA was obtained at AISA 2017 of -0.10. The mean or average ROA is 0.10 with a standard deviation of 0.1. The standard deviation of the return on assets is smaller than the mean, indicating that the inventory turnover data deviation is relatively small, with a small data deviation indicating that the inventory turnover data is quite good.

Classical Assumption Test Results

Normality test

The normality test is used to see whether the regression model has a normal data distribution. The results of processing the normality test data using the Kolmogorov-Smirnov Test are as follows:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		66
Normal Parameters[a,b]	Mean	-.0242767
	Std. Deviation	.09389933
Most Extreme Differences	Absolute	.156
	Positive	.156
	Negative	-.075
Test Statistic		.156
Asymp. Sig. (2-tailed)		.000[c]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Figure 3. Normality Test Result

Source: SPSS 25 output results

The test results show that the Asymp.Sig value is less than 0.05, so the data is not normally distributed, so outlier data is used. The following is a list of outlier data:

Table 2. List of Outlier Company Names

Company Name	Stock code	Year
PT. Tiga Pilar Sejahtera, Tbk	**AISA**	**2019**
PT. Multi Bintang Indondesia, Tbk	**MLI**	**2016**
		2017
		2018
		2019

After doing the outliers, the normality test results show that the Asymp.Sig value is 0.200 or greater than 0.05. So it can be concluded that the data is normally distributed. The following are the results of the normality test after the outliers:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		65
Normal Parameters[a,b]	Mean	-.0322742
	Std. Deviation	.06831901
Most Extreme Differences	Absolute	.091
	Positive	.070
	Negative	-.091
Test Statistic		.091
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.

Figure 5. Normality Test Results After Outlier Data

Source: SPSS 25 output results

Multicollinearity test

The multicollinearity test is conducted to test whether the variables used in the study correlate with each other. The following are the results of multicollinearity testing:

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-.027	.023		-1.165	.249		
	Receivable Turnover	.002	.002	.105	1.120	.267	.923	1.084
	Inventory Turnover	.001	.001	.068	.740	.462	.963	1.039
	Current Ratio	.000	.000	.736	7.779	.000	.912	1.097

a. Dependent Variable: Return On Asset

Figure 6. Multicollinearity Test Result

Source: SPSS 25 output results

Based on the test results above, it is known: The receivables Turnover variable (X1) has a Tolerance value of 0.923 and a VIF value of 1.084 ; The inventory Turnover Variable (X2) has a Tolerance value of 0.963 and a VIF value of 1.039 ; The Current Ratio variable (X3) has a Tolerance value of 0.912 and a VIF value of 1.097.

The figure above shows that all independent variables have a tolerance value greater than 0.1 and a VIF value less than 10. So it can be concluded that in the regression model, there are no symptoms of multicollinearity.

Autocorrelation test

The autocorrelation test is performed to detect the correlation of confounding errors in data in one observation against data in another. The assessment used to assess whether there is a correlation in a study uses the Durbin-Watson Test method. The results of the autocorrelation test are:

Model Summary[c,d]

Model	R	R Square[b]	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.853[a]	.727	.714	.05661	1.112

a. Predictors: Current Ratio, Peputaran Persediaan, Perputaran Piutang

b. For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.

c. Dependent Variable: Return On Asset

d. Linear Regression through the Origin

Figure 7. Autocorrelation Test Result

Source: SPSS 25 output results

From the figure above, the distribution of Durbin-Watson values is based on K (3) and N (65) with a significance level of 5%, so the dL is 1.503, and the dU is 1.696. It can be concluded that there are symptoms of autocorrelation in the regression model. In this study, data transformation was performed using the Cochrane-Orcutt method to overcome autocorrelation and obtain a Durbin-Watson value of 1.887. Following are the results of autocorrelation testing using the Cochrane-Orcutt method:

Model Summary[c,d]

Model	R	R Square[b]	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.728[a]	.530	.506	.05069	1.887

a. Predictors: Lag_X3, Lag_X2, Lag_X1

b. For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.

c. Dependent Variable: Lag_Y

d. Linear Regression through the Origin

Figure 8. Autocorrelation Test Results of the Cochrane Orcutt Method

It can be concluded that the value of dU < d < 4-dU is 1.696 < 1.887 < 2.3379, so there is no autocorrelation in this study.

Heteroscedasticity test

The aim is to test whether the regression model has an inequality of variance from the residuals of one observation to another. You can use the scatterplot graph and the Glejser test to find out whether there is heteroscedasticity.

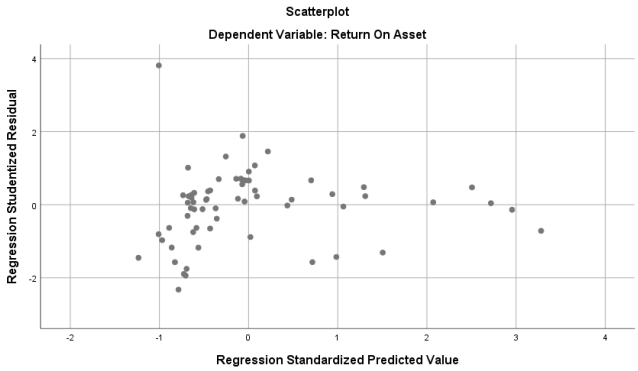

Figure 9. Heteroscedasticity Test with Scatterplot

Source: SPSS 25 output results

Based on the graph above, it can be seen that the dots spread randomly and do not form a certain pattern, as well as the dots spread above and below the number 0 on the Y axis. It can be concluded that there are no symptoms of heteroscedasticity in the regression model. To detect whether there is heteroscedasticity other than the scatterplot graph, you can use the Glejser test. Following are the results of the heteroscedasticity test using the Glejser test:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.002	.001		2.754	.008
	TRANSFORM_X1	-1.222E-5	.000	-.242	-1.878	.065
	TRANSFORM_X2	.000	.001	.022	.194	.847
	TRANSFORM_X3	8.244E-5	.000	.370	2.898	.005

a. Dependent Variable: ABS_RES5

Figure 9. Heteroscedasticity Test Results with the Glejser Test

Source: SPSS 25 output results

The figure above shows that this study's regression model did not show heteroscedasticity symptoms. This is because the significant values for all variables are > 0.05.

Model Feasibility Test Results

F test (Simultaneous)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.196	3	.065	20.473	.000[b]
	Residual	.194	61	.003		
	Total	.390	64			

a. Dependent Variable: Return On Asset

b. Predictors: (Constant), Current Ratio, Peputaran Persediaan, Perputaran Piutang

Figure 10. F Test Results (Simultaneous)

Source: SPSS 25 output results

Based on the figure above, it shows that the sig value is 0.000 <0.05 and the F count > F Table (20.473 > 2.75), it can be concluded that simultaneously accounts receivable turnover, inventory turnover and the current ratio affect the return on assets so that the hypothesis research accepted.

Coefficient of Determination (R2)

The coefficient of determination is a coefficient that shows the magnitude of the variation arising from the independent variable or the magnitude of the influence exerted by the independent variable expressed in percentage form. The following is the result of the coefficient of determination:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708[a]	.502	.477	.05645

a. Predictors: (Constant), Current Ratio, Peputaran Persediaan, Perputaran Piutang

Figure 11. Determination Coefficient Results

Source: SPSS 25 output results

Based on the figure above, the R Square value is 0.502, so the receivables turnover, inventory turnover, and current ratio variables simultaneously or jointly affect the return on assets of 50.2%. At the same time, the remaining 49.2% (100%-50.2%) is influenced by other variables outside the variables used in this study.

Multiple Linear Regression Results

This analytical method is used to determine whether the independent variables have a direct and indirect influence on the dependent and intervening variables.

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Receivable Turnover	70	1.04	17.07	569.63	8.1376	.46511	3.89136
Inventory Turnover	70	1.09	26.00	487.78	6.9682	.63604	5.32149
Current Ratio	70	15.24	863.78	16227.08	231.8154	22.23344	186.01830
Return on Asset	70	-.10	.61	7.27	.1038	.01658	.13872
Valid N (listwise)	70						

Figure 12. Results of Multiple Linear Regression Analysis

Source: SPSS 25 output results

Based on the figure above, the regression equation model obtained is: a constant of -0.027 explains that if all variables of accounts receivable turnover (X1), inventory turnover (X2), and the independent current ratio (X3) are constant or equal to zero, then the return on assets is -0.027. The regression coefficient of accounts receivable turnover (X1) is 0.002, which indicates that the other variables are constant. If accounts receivable turnover (X1) increases by one unit, the return on assets will increase by 0.002.

The regression coefficient of inventory turnover (X2) is 0.001, which indicates that the other variables are constant. If inventory turnover (X2) increases by one unit, the return on assets will increase by 0.001. The regression coefficient for the current ratio (X3) is 0.000, which indicates that the other variables are constant. If the current ratio (X3) increases by one unit, the return on assets will increase by 0.000.

Hypothesis Test Results

Hypothesis testing uses the t-test to determine the effects of each independent variable on the dependent variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.027	.023		-1.165	.249
	Receivable Turnover	.002	.002	.105	1.120	.267
	Inventory Turnover	.001	.001	.068	.740	.462
	Current Ratio	.000	.000	.736	7.779	.000

a. Dependent Variable: Return On Asset

Figure 11. Hypothesis Test Results

Source: SPSS 25 output results

Based on the test results above, the following hypothesis is obtained:

Table 3. Hypothesis Test Results

Code	Hypothesis	Conclusion	Influence on Profitability (ROA)
H_1	Accounts Receivable Turnover Affects Profitability (ROA)	H_0 accepted	Receivable turnover has no effect and is not significant to Return On Assets
H_2	Inventory Turnover Has No Effect on Profitability (ROA)	H_0 rejected	Inventory turnover has no effect and is not significant to Return On Assets
H_3	*Current Ratio Affects Profitability (ROA)*	H_0 rejected	The current Ratio has a significant and significant effect on Return On Assets

Source: Research processed data

DISCUSSION

The results of this study indicate that accounts receivable turnover has no effect and is not significant on return on assets. The receivables turnover variable has a regression value of 0.002 units, which means that every increase of one receivables turnover variable will increase the return on assets. Based on the research results, it can be seen from the results of the t-test that the receivables turnover variable has a sig value of 0.267 > 0.05 with a t-table value of 1.120. Based on these data t count < t table, the receivables turnover variable does not affect the return on assets.

This research is in line with Yuliana (2018), which states that accounts receivable turnover does not affect the return on assets. Receivables turnover has no effect due to the small number of credit sales transactions with management's consideration of getting cash quickly without going through the terms issued from the company's credit sales policy. Through cash sales, it can also anticipate uncollectible accounts so that they become over-investment in company receivables, affecting company profitability.

The results of this study indicate that inventory turnover has no effect and is not significant on return on assets. The inventory turnover variable has a regression value of 0.001 units, which means that every increase of one inventory turnover variable will increase the return on assets. Based on the research results, it can be seen from the t-test that the inventory turnover variable has a sig value of 0.462 > 0.05 with a t-table value of 0.740. Based on these data t count < t table, the inventory turnover variable does not affect the return on assets.

This study's results align with Siti's research (2018), which states that inventory turnover does not affect profitability. Inventory turnover has no effect because the high inventory turnover causes the embedded capital to get smaller. In contrast, the low inventory turnover rate causes the capital embedded in large inventories the risk loss from inventory in the warehouse.

The results of this study indicate that the current ratio has a significant and significant effect on return on assets. The current ratio variable has a regression value of 0,000 units, which means that each

increase in the current ratio variable will increase the return on assets. Based on the research results, it can be seen from the results of the t-test that the current ratio variable has a sig value of 0.000 <0.05 with a t-table value of 7.779. Based on these data t count > t table, the current ratio variable affects return on assets.

This research is in line with Mahardika (2019), which states that the current ratio affects profitability. A high current ratio value indicates that the availability of current assets to pay off current liabilities is also high. The positive influence is because the company's ability to meet its short-term obligations is higher, with higher current assets owned by the company. So that the company can pay a short-term debt by guaranteeing its current assets, a significant influence means that investors will get a higher return on investment if the company's ability to meet its short-term obligations is higher (Supardi et al., 2018).

CONCLUSION

Based on the results of the testing and discussion, as has been done in the previous chapter, the following conclusions can be drawn:

Receivable turnover has no effect and is not significant on return on assets. Inventory turnover has no effect and is not significant on return on assets. And the current ratio has a significant and significant effect on the return on assets.

Based on the results of the research that has been done, the following suggestions can be made: Companies in the food and beverage sub-sector are expected to maximize company profits through sales, accounts receivable, and inventory turnover. Future research should be able to add other financial ratios and other macroeconomic variables and use a longer research period to obtain good results.

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