

**The Impact Of Liquidity And Solvency On Profitability In Food And Beverage Companies Listed On The Indonesian Stock Exchange From 2018 To 2022**

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**Abstract**

*This study aims to analyze the effect of liquidity and solvency on profitability in food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. Liquidity is measured using the current ratio which describes the company's ability to meet its short-term obligations, while solvency is measured using the Debt to Equity Ratio (DER) which reflects the balance between debt and capital owned by the company in financing its assets. Profitability is measured using the Return on Assets (ROA) ratio which shows the company's ability to generate profits from the total assets owned by the company. The participants in this study were food and beverage companies, with research samples including INDF, ICBP, MYOR, ULTJ, and GOOD companies. The sampling method used is purposive sampling. The analysis method used is simple linear regression analysis to test the effect between the independent variable and the dependent variable. The results showed that, individually, liquidity has no significant effect on profitability, as well as solvency has no influence individually on profitability.*

**Keywords: Liquidity, Solvency, Profitability, Indonesia Stock Exchange**

**INTRODUCTION**

Financial reports serve as a means of communication that links the company with various stakeholders. Their presence is also crucial as a form of accountability for managers in utilizing the resources owned by the company's shareholders (Asniwati et al., 2022).

Strong profitability helps ensure the efficient and effective operation of a company. In its operations, a company requires various resources, including capital, which is categorized into working capital like cash, receivables, and inventory, as well as fixed capital in the form of tangible assets. This capital plays a crucial role (Hanum & Febyola, 2023).

**Table 1. Profitability**

No	CODE	2018	2019	2020	2021	2022	Average
1	INDF	0.275	0.297	0.327	0.327	0.307	0.307
2	ICBP	0.319	0.338	0.371	0.357	0.336	0.344
3	MYOR	0.266	0.316	0.298	0.248	0.223	0.270
4	ULTJ	0.357	0.376	0.373	0.359	0.321	0.357
5	GOOD	0.317	0.300	0.278	0.275	0.253	0.284
Amount		1.534	1.627	1.647	1.566	1.440	1.563
Average		0.307	0.325	0.329	0.313	0.288	0.313

Sumber : [www.idx.co.id](http://www.idx.co.id)

The profitability has increased in 2020, with a figure of 0.325. The average profitability recorded was 0.313, which means there are three companies with values below the average, namely INDF, MYOR, and GOOD. Meanwhile, two companies have values above the average, namely ICBP and ULTJ.

Evaluating liquidity ratios in financial statements is crucial for determining a company's liquidity level. This is achieved by comparing the elements in the balance sheet, specifically total current assets against total current liabilities (Firman et al., 2020).

**Table 2. Liquidity**

No	KODE	2019	2020	2021	2022	2023	Rata - Rata
1	INDF	1.066	1.272	1.373	1.341	1.786	1.368
2	ICBP	1.952	2.536	2.258	1.799	3.097	2.328
3	MYOR	2.655	3.429	3.607	2.328	2.621	2.928
4	ULTJ	4.398	4.444	2.403	3.113	3.170	3.506
5	GOOD	1.182	1.534	1.751	1.475	1.741	1.537
Jumlah		11.253	13.215	11.392	10.056	12.415	11.667
Rata - Rata		2.251	2.643	2.278	2.011	2.483	2.333

Sumber : [www.idx.co.id](http://www.idx.co.id)

The liquidity has increased in 2020, with a figure of 2,278. The recorded average profitability is 2,333, which means there are three companies with values below the average, namely INDF, ICBP, and GOOD. Meanwhile, two companies have values above the average, namely MYOR and ULTJ.

The solvency ratio is a metric used to evaluate the proportion of a company's assets financed through debt or equity. This ratio provides insight into the company's standing in relation to its long-term obligations and the balance between the value of its fixed assets and the capital it possesses (Irfan, 2021).

**Table 3. Solvency**

No	KODE	2019	2020	2021	2022	2023	Rata - Rata
1	INDF	0.483	0.437	0.515	0.517	0.481	0.486
2	ICBP	0.339	0.311	0.514	0.537	0.502	0.441
3	MYOR	0.514	0.458	0.430	0.430	0.424	0.451
4	ULTJ	0.141	0.144	0.454	0.306	0.211	0.251
5	GOOD	0.409	0.454	0.560	0.552	0.543	0.503
Jumlah		1.886	1.804	2.473	2.342	2.161	2.132
Rata - Rata		0.377	0.361	0.495	0.468	0.432	0.426

Sumber : [www.idx.co.id](http://www.idx.co.id)

The liquidity has increased in 2020, with a figure of 2,278. The recorded average profitability is 2,333, which means there are three companies with values below the average, namely INDF, ICBP, and GOOD. Meanwhile, two companies have values above the average, namely MYOR and ULTJ.

## RESEARCH METHODS

This research employs several linear regression models to analyze secondary data collected from documents through the Indonesia Stock Exchange (BEI). The investigation is based on measurable and calculable numerical data. The proposed hypothesis is tested, and the data is analyzed using statistical methods.

The population refers to the entire set of analytical units to be examined, which possess specific quantities (numbers) (Juliandi et al., 2018). The sampling technique employed was Purposive Sampling, which enables the inclusion of individuals who meet the researcher's criteria and are selected by chance as part of the sample (Juliandi et al., 2018). The research samples were INDF, ICBP, MYOR, ULTJ and GOOD companies

## RESULTS AND DISCUSSION

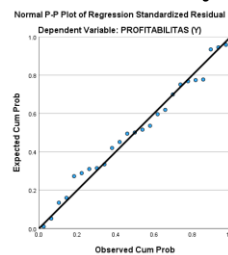
### Data analysis

#### 1. Classical Assumption Test

##### a. Data Normality Test

Data normality is very important because normality distributed data is considered to represent the population well test (Juliandi et al., 2018).

**Figure 1 Normality Test**



Source: SPSS Data Processing 29.00 (2024)

Based on Figure 1, The points on the normal probability plot are distributed along the diagonal line and align with its trajectory. This indicates that the regression model meets the normality assumption and that the residuals follow a normal distribution.

##### b. Multicollinearity Test

A perfect or almost perfect linear relationship between the independent variables in the regression model is determined by the multicollinearity test (Juliandi et al., 2018).

**Table 2.**

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.344	0.062		5.564	<0.001		
	LIKUIDITAS (X1)	0.006	0.012	0.142	0.529	0.602	0.522	1.916
	SOLVABILITAS (X2)	-0.106	0.092	-0.307	-1.146	0.264	0.522	1.916

a. Dependent Variable: PROFITABILITAS (Y)

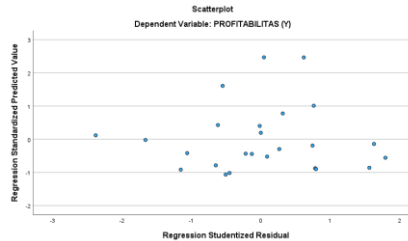
Source: SPSS Data Processing 29.00 (2024)

There is no association between independent variables, as indicated by the tolerance values of > 0.10 for each independent variable in Table 2.

##### c. Heteroscedasticity Test

Finding out if there is unequal variance in the residuals of the regression model between observations is the goal of the heteroscedasticity test (Juliandi et al., 2018).

**Figure 2 Heteroscedasticity Test**



Source: SPSS Data Processing 29.00 (2024)

It is evident from Figure 2 above there is no discernible pattern or shape to the points result, which are dispersed in randomly top and bottom.

### Simple Linear Regression

A basic linear regression model is for figuring out how the independent factors affect the dependent variable.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Y = Profitability

a = Constant

$\beta$  = Regression Coefficient

X1 = Liquidity Ratio

X2 = Solvency Ratio

$\epsilon$  = Standard Error

The following is a table which is the output of SPSS.

**Table 3. Simple Linear Regression Test**

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	0.344	0.062		5.564	<0.001		
	LIKUIDITAS (X1)	0.006	0.012	0.142	0.529	0.602	0.522	1.916
	SOLVABILITAS (X2)	-0.106	0.092	-0.307	-1.146	0.264	0.522	1.916

a. Dependent Variable: PROFITABILITAS (Y)

Source: SPSS Data Processing 29.00 (2024)

- A constant value of 0.344 indicates that the Accounting Treatment of Liquidity And Solvency is in a constant condition, where there is no change or is considered zero, so that Profitability has a value of 0.344.
- The Liquidity coefficient value is 0.006 if the Liquidity increases, providing all other independent variables remain constant, according to the positive Liquidity coefficient value of 0.006.
- The Solvency coefficient value is -0.106 in a positive direction, indicating that if Solvency increases, then Profitability will increase by -0.106, assuming the other independent variables are considered constant.

### Hypothesis Testing

#### 1. Partial Test (t-Test)

One way to determine how much impact variable X has on variable Y is to use a partial t-test. Typically, this t-test has a significance level of 0.05, or 5%.

**Table 4. Simple Linear Regression Test**

		Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.344	0.062		5.564	<0.001		
	LIKUIDITAS (X1)	0.006	0.012	0.142	0.529	0.602	0.522	1.916
	SOLVABILITAS (X2)	-0.106	0.092	-0.307	-1.146	0.264	0.522	1.916

a. Dependent Variable: PROFITABILITAS (Y)

Source: SPSS Data Processing 29.00 (2024)

### 1. The Effect of Liquidity On Profitability

Based on the findings of the partial relationship test, Profitability has no effect on Liquidity.

### 2. The Influence of Solvency Turnover On Profitability

Based on the findings of the partial relationship test, Profitability has no effect on Solvency.

### 3. F Test (Simultaneous)

Investment Interest is the dependent variable, and the F test seeks to determine how the independent variables Liquidity And Solvency effect it Profitability.

**Table 5**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.007	2	0.004	2.331	0.121 <sup>b</sup>
	Residual	0.034	22	0.002		
	Total	0.042	24			

a. Dependent Variable: PROFITABILITAS (Y)

b. Predictors: (Constant), SOLVABILITAS (X2), LIKUIDITAS (X1)

This illustrates how profitability is significantly impacted simultaneously by Liquidity And Solvency.

### Coefficient of Determination Test (R-Square)

According to (Juliandi et al., 2018), Basically, the coefficient of determination shows how well the changes in the dependent variable can be explained. Evaluating the role of the independent variable (X) in predicting the value of Y is another method to determine whether a linear regression model is appropriate.

**Table 6**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.418 <sup>a</sup>	0.175	0.100	0.039	0.932

a. Predictors: (Constant), SOLVABILITAS (X2), LIKUIDITAS (X1)

b. Dependent Variable: PROFITABILITAS (Y)

Source: SPSS Data Processing 29.00 (2024)

According to Table 8, the correlation between the variables is 10%, with an R value of 0.175 and an Adjusted R Square of 0.100. This shows that Liquidity And Solvency, independent factors, account for 10% of the variation in the dependent variable, Profitability. As a result,

Liquidity And Solvency account for 15.1% of the explanation of Profitability, other factors not covered by this study model accounting for the remaining 10% ( $100\% - 15.1\% = 84,9\%$ ).

### **Discussion**

#### **The Effect of Liquidity On Profitability**

Based on the findings of the partial relationship test, Profitability has no effect on Liquidity.

#### **The Influence of Solvency Turnover On Profitability**

Based on the findings of the partial relationship test, Profitability has no effect on Solvency.

#### **The Influence Of Liquidity And Solvency On Profitability**

This illustrates how profitability is significantly impacted simultaneously by Liquidity And Solvency.

## **CONCLUSION**

Based on the results of the research conducted, it can be concluded that partially there is no influence between liquidity on profitability, partially there is no influence between solvency on profitability, and simultaneously there is a significant positive influence between liquidity and solvency on profitability. It can be concluded that although these factors do not affect profitability separately, the combination of the two can contribute positively in increasing the level of profitability of the company. This finding provides insight that companies need to pay attention to both factors simultaneously in an effort to improve their financial performance.

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