THE INFLUENCE OF CURRENT RATIO, DEBT TO EQUITY RATIO AGAINST THE RETURN ON EQUITY IN THE AUTOMOTIVE AND COMPONENTS COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

This research aims to influence how the variable Current Ratio and Debt to Equity Ratio towards Return On Equity both in simultaneous on the company as well as persial Automotive and its components are listed on the Indonesia stock exchange Period 2012-2016. The population in this research is the company's Automotive and komponenya were listed on the Indonesia stock exchange period 2012-2016 that add up to 13 companies. Data analysis technique used was multiple linear regression analysis, taking into account the classical assumptions of the test, namely the test of normality, test multicollinearity, heterokedastisitas and autocorrelation test test. Hypothesis testing the statistical test used was partially (t-test) and simultaneous statistical tests (test F) 0.05 significant level.
Results of research partially test (test-t) indicates that the Current Ratio (X 1) indicates the value thitung > ttabel (4.170 > 2.035) and significant value under 0.05 (0000 < 0.05) mean H0 is rejected Ha received, which means there is a significant positive influence between the variable Current Ratio against the Return On Equity. Debt to Equity Ratio (X 2) indicates the value thitung > ttabel (3.873 > 2.035) and significant value under 0.05 (0000 < 0.05) mean H0 is rejected Ha received, which means there is significant influence among variables Debt to Equity Ratio against the Return On Equity. Simultaneously (FR F) collectively indicate that the Current Ratio (X 1) and Debt to Equity Ratio (X 2) indicates the value Fhitung > Ftabel (9.055 > 3.29) and significant value under 0.05 (0.05 > 0000) means that H0 is rejected Ha received, which means influential and significantly to the Return On Equity (Y) on the company's Automotive and its components are listed on the Indonesia stock exchange.

Keywords: *Current Ratio (CR), Debt to Equity Ratio (DER) and Return On Equity (ROE)*

A. Introduction

Automotive industry is one of the types of business that was booming in indonesia. The increasing number of quantity of Automotive company is one of the evidence, that the Automotive industry has attracted a lot of parties. It is based on the fact that economic power inidonesia for real this is sustained by the domestic side. We who have high purchasing power and to deal with the increased demand of society will transport. The car manufacturer in indonesia are vying to improve production and the quality of the goods it produces. Then by continuing to increase the number of vehicles (cars and motorcycles) as evidence of increasing sales figures of vehicles in indonesia. the ultimate goal to be achieved an important company is getting a return over the maximum profit, in addition to the rights of other things. By acquiring a high profit and memakmurkan owners of capital.

In this research the ratio of Profitability represented by Return On Equity, this ratio indicates the company's ability to measure the net profit after tax of capital itself. The reason the selection of these variables in the study is to measure the company's ability to get a profit in its fullest. If the Return On Equity is low means less companies in managing its assets (pay short-term debt) and the lack of capital to pay its debts immediately due. However, the Return On Equity corporate conditions naturally high in good condition.

In this research the ratio represented by the Current Liquidity Ratio, this ratio indicates the security level of an enterprise. The reason the selection of these variables in the study is to measure the company's ability to pay short-term obligations in that will soon be due. If the Current low Ratio means the company is experiencing a shortage of capital to pay its debts immediately due. However, Current Ratio, height is not necessarily conditions the company is in good shape. This can happen because the cash may not be used as best as possible. The influence of the Current Return On Equity Ratio towards shows that the higher the Current Ratio of profit to be generated then the company is low.

In this research the ratio of Solvency is represented by Debt To Equity Ratio, this ratio is used to compare the total amount of debt against the equity of the company. The reason the selection of these variables in the research that is to to see how big corporate debt compared to equity owned by the company or its shareholders. If the Debt To Equity Ratio is low means the company is able to pay in long-term obligations. However, Debt To Equity Ratio is high in an firm conditions are certainly not good. This can be only happened because the composition of the total debt (short-term and long-term) is so large compared to the total capital on its own, so is impacting the bigger burden the company against outside parties (Creditors).

B. Methods

This research uses the associative approach. Associative approach is a temporary answer against the outline of the problem i.e. asking the relationship between two or more variables. As the influence of the variable X against the variable y. Reason researchers use the associative approach because researchers want to know how the free variable Current Ratio and Debt To Equity Ratio against the Return On Equity.

C. Research Finding

Results of research partially test (test-t) indicates that the Current Ratio (X 1) indicates the value thitung > ttabel (4.170 > 2.035) and significant value under 0.05 (0000 < 0.05) mean H0 is rejected Ha received, which means there is a significant positive influence between the variable Current Ratio against the Return On Equity. Debt to Equity Ratio (X 2) indicates the value thitung > ttabel (3.873 > 2.035) and significant value under 0.05 (0000 < 0.05) mean H0 is rejected Ha received, which means there is significant influence among variables Debt to Equity Ratio against the Return On Equity. Simultaneously (FR F) collectively indicate that the Current Ratio (X 1) and Debt to Equity Ratio (X 2) indicates the value Fhitung > Ftabel (9.055 > 3.29) and significant value under 0.05 (0.05 > 0000) means that H0 is rejected Ha received, which means influential and significantly to the Return On Equity (Y) on the company's Automotive and its components are listed on the Indonesia stock exchange.

D. Discussion

1. The influence of Current Ratio against the Return On Equity

The larger the Current Ratio the better the position of creditors, as it means there is no need to concern creditors will pay its obligations on time. If the Current Ratio is low it can be said that the company is lacking the capital to pay the debt.

Return On Equity is used to measure the extent of the amount of net income to be generated from every rupiah of funds that are embedded in the total equity. The higher the Return On Equity then the higher the amount of net profit generated from every rupiah of funds that are embedded in the equity, as well as vice versa.

According to Hanafi (2017:75) "current ratio is a measure of the ability of the company meet short-term debt by using current assets. The above theory of the Current ratioberpengaruh terhadapReturn on equity. Results of research of Hantono (2013) stated that the Current Ratio of positive effect toward profitability based on explanation above it can be concluded that the Current Ratio is the ratio to measure the company's ability to pay short-term debt in in a nutshell. When Current Ratio the company experienced a rise in corporate Profitability thus will decrease. due to the high current ratio indicates the presence of an excess of current assets, which will have an effect that is not both to the profitability of the company.

2. The influence of the ratio of debt to equity to return on equity

High low ratio of debt to equity will affect the level of achievement of the return on equity reached the company. The higher the debt to equity ratio is then the smaller the amount of controlled capital that can be used as collateral for debt. According to Hery (2015:167) debt to equity ratio to liquid ratio is used to measure such a comparison between the total debt by total equity.

According to Hani (2015:124) debt to equity ratio shows how every part of its own capital was made rupiah guarantees for the entire debt. The higher this ratio means the higher amount of funds from the outside that must be guaranteed by the amount of own capital. Of research results Rizki Adriani (2014) there is a positive influence debt to equity ratio towards the back in the capital.

Based on explanation above it can be concluded, the high solvency ratio on the company will experience a decrease in profitability. The ratio of debt to equity shows how part of each its own capital was made rupiah guarantee debt. If the value of the debt to equity ratio the higher the value the greater the debt, then its effect on return on equity led to the company's ability in generating profits distracted because this capital is used in order to finance the overall debt.

3. The influence of Current Ratio and Debt To Equity Ratio against the Return On Equity

On the basis of previous research it can be concluded that if the Current Ratio and Debt to Equity Ratio of a company is experiencing a rise in corporate profitability will then decline. According to Cashmere (2013:134) "Current Ratio is a ratio to measure the company's ability in repaying short-term obligations or debts immediately due upon billed as a whole". According to Harahap (2008:303) "Debt to Equity Ratio this ratio describes is sejauhmana capital owners can cover debts to outside parties." According to Hery (a 2015:194) "Return On Equity is the ratio that indicates how large the equity contribution in creating a net profit".

Various ratio of profits can be calculated using the financial statements of the company. Relationship of Current Ratio and Debt to Equity Ratio against the Return On Equity is proven by the existence of the research of Hantoto (2013) stated that the Current Ratio and Debt to Equity Ratio of positive effect against the Return On Equity.

E. Conclusion

1. Based on the results of research conducted among Current Ratio against the Return On Equity in the company's Automotive and its components are listed on the Indonesia stock exchange (BEI) in the period 2012-2016, it showed partially Current Ratio have a positive and significant effect against the Return On Equity.
2. Based on the results of research conducted between the Debt to Equity Ratio against the Return On Equity in the company's

Automotive and its components are listed on the Indonesia stock exchange (idx) from 2012-2016, showing the partially Debt to Equity Ratio has a positive influence and significantly to Return On Equity.

3. Based on research done at the company's Automotive and its components are listed on the Indonesia stock exchange (idx) of the period of 2012-2016. This shows that the Current Ratio and Debt to Equity Ratio to simultaneously have a positive affect and significantly to Return On Equity.

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