www.bircu-journal.com/index.php/birci
Budapest International Research and Critics Institute-Journal (BIRCI-Journal)
Humanities and Social Sciences
ISSN 2615-3076 Online)
ISSN 2615-1715 (Print)
Budapest Institute

The Influence of Working Capital Ratio and Debt Ratio to Rentability at PT. Holcim Indonesia, Tbk for the Period 2010-2019

Ratna Dumilah
Universitas Pamulang, Tangerang Selatan, Banten, Indonesia
dosen02209@unpam.ac.id

Abstract

This study aims to determine the effect of working capital ratio and debt ratio to profitability at PT. Holcim Indonesia, Tbk. The method used is explanatory research. The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this study, the working capital ratio has a significant effect on profitability of 44.3%, the hypothesis test is obtained t count > t table or (2.552 > 2.306). The debt ratio has a significant effect on Rentability of 69.4%, the hypothesis test is obtained t count < t table or (-4.258 < 2.306). Working capital ratios and debt ratios simultaneously have a significant effect on Profitability obtained by the regression equation Y = 24.307 + 0.621X1 - 0.430X2 and a determination value of 96.2%, hypothesis testing obtained a calculated F value > F table or (88.636 > 4,350).

Keywords
working capital ratio; debt ratio; rentability

I. Introduction

Nowdays the global economy is experiencing significant changes that affect all aspects of life, especially if it is related to advances in science and technology, of course it will make all joints of the global economy continue to determine concrete steps to balance the conditions of science and technology. In the industrial sector, advances in science and technology have resulted in the emergence of various new products, many company founders have produced a variety of similar products with different brands, causing increasingly rapid competition. A company will be considered successful if it earns normal profit according to the company's plan,

Economic growth and the implications of globalization make all types of business fields compete fiercely. For companies, it is a challenge in order to survive and thrive in a business environment that has high uncertainty. In high uncertainty, management must have tools to assist them in planning and allocating limited resources.

The economic development of a country can be measured in many ways, one of which is by knowing the level of world capital market development. The capital market is a place for investors to conduct investment activities. Investors in investing funds into a company will be faced with return on investment in the form of dividends and capital gains. Capital gains are capital gains derived from the difference between the purchase price and the selling price of the shares, while the dividends are the portion of net income distributed by the company to shareholders. (Angelia and Toni, 2020)

In general, the company's goal is to obtain maximum profit. By obtaining maximum profits, the company can maintain its survival and can continue to grow and provide beneficial

DOI: https://doi.org/10.33258/birci.v4i1.1592

Budapest International Research and Critics Institute-Journal (BIRCI-Journal)
Volume 4, No. 1, February 2021, Page: 277-286
e-ISSN: 2615-3076 (Online), p-ISSN: 2615-1715 (Print)
www.bircu-journal.com/index.php/birci
email: birci.journal@gmail.com

returns for its owners. However, in today's increasingly competitive conditions, this goal is not easy to achieve. Company management is required to be able to manage its resources more effectively and efficiently and to be able to produce decisions that support the achievement of company goals.

To measure the success of a company in an effort to realize efficient company operations in generating profits, it can not only be seen from the size of the amount of profit earned, but can be seen from its profitability. According to Bambang Hermanto (2015: 114) Profitability is the ratio to assess the company's ability to seek profits or profits in a certain period. It is said that the company has a good profitability if it is able to meet the profit target that has been set by using its assets or capital. According to Bambang Hermanto (2015: 114) Economic profitability is by comparing operating profits with all capital (own and foreign capital).

The high level of profitability reflects that the business entity is able to work effectively and efficiently in its operational activities. In measuring the success of a company that is efficient and generates profit, it can be seen in terms of profitability, so profitability can also be interpreted as a comparison between the profit generated by the company and the assets or capital used to generate that profit. High profitability indicates that the company is more efficient in running its operations, which means that the company has a great ability to generate profits.

In running its operating activities the company requires working capital. Working capital is a fund embedded in the company's current assets which is used to finance the company's day-to-day operations, for example to buy raw materials or merchandise, pay labor and employee salaries, and other costs.

To assess the effectiveness of the use of working capital from company activities, the working capital turnover ratio is used. Working capital is always in a state of operation or rotating within the company as long as the company concerned is in business. The working capital turnover period starts from the time when cash is invested in the components of working capital until it returns to cash. According to Kasmir (2010: 114), working capital turnover is a ratio to measure or assess the effectiveness of a company's working capital during a certain period. That is, how much working capital rotates during a period or in a period. To measure this ratio we compare sales with working capital or with average working capital.

The debt is often referred to as an obligation which in a simple sense can be interpreted as a financial obligation that must be paid by the company to other parties. According to Munawir (2010: 18) Debt is all the company's financial obligations to other parties that have not been fulfilled, where this debt is a source of funds or company capital that comes from creditors.

To assess the extent to which a company uses its debts, the debt to total assets ratio can be used. According to Kasmir (2010: 112) Debt to Assets Ratio or Debt Ratio, is a 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. The trick is to compare the total debt to total assets. Company management must be able to make the right policies in making funding decisions to obtain assets used in operations in order to generate maximum profit. Meanwhile, according to Brigham Houston (2013: 143), the ratio of total debt to total assets, which is generally called the debt ratio, measures the percentage of funds provided by creditors, total debt including all current liabilities and long-term debt. Creditors prefer a low debt ratio because the lower the debt ratio, the greater the protection against creditors' losses in the event of liquidation. On the other hand, shareholders may want more leverage because it will increase their expected profit.

PT Holcim Indonesia Tbk is a cement producer company. The company, formerly known as PT Semen Cibinong Tbk, was founded in 1971. Having a vision to provide sustainable solutions to build the future of Indonesian society has a mission to build a company that provides added value to stakeholders by providing development solutions according to sustainable principles for each particular customer segment, pay attention to safety and environmental sustainability, and foster human resource capabilities, innovate and build a strong network. The following is data on working capital turnover, debt ratio and economic profitability at PT. Holcim Indonesia, Tbk for the period 2010-2019.

Table 1. Working Capital Turnover, Debt Ratio and Economic Rentability at PT. Holcim Indonesia, Tbk. 2010-2014 Period (In Million Rupiah)

Year	Working Capital Circumstances	Debt Ratio (%)	Economic Profitability (%)
2010	6.64	34.59	12.77
2011	5.59	31.26	15.42
2012	14.32	30.82	19.75
2013	8.23	41.12	12.41
2014	6.94	49.06	7.51
2015	6.75	34.22	12.32
2016	5.88	31.76	14.78
2017	13.43	36.77	17.22
2018	9.54	42.54	11.75
2019	5.55	45.44	8.21
Average	8.29	37.76	13.21

Based on the data in the table above, it shows that the company during the years 2010-2019 for working capital turnover fluctuated with different annual turnover, generally known as an average of 8.29. The debt ratio also fluctuates with different annual earnings, generally it is known that the average is 37.76%. For the economic profitability also fluctuates with the income each year is different, in general it is known that the average reaches 13.21%.

Based on the description above, the authors are interested in conducting research on working capital ratios and debt to profitability ratios as outlined in the thesis with the title: "The Effect of Working Capital Ratio and Debt Ratio to Rentability at PT. Holcim Indonesia, Tbk Period 2010-2019".

II. Review of Literatures

2.1 Working Capital Ratio

According to Kasmir (2015: 182), working capital turnover is a ratio to measure or assess the effectiveness of the company's working capital during a certain period. That is, how much working capital rotates during a period or in a period. To measure this ratio, we compare sales with working capital or with average working capital.

2.2. Debt Ratio

According to Horne (2009: 209), the ratio of debt to total assets (Debt to total assets ratio) is obtained from dividing the company's debt by its total assets. This ratio emphasizes the important role of debt financing for the company by showing the percentage of company assets that are supported by debt financing. The higher the debt to total asset ratio, the greater the financial risk; the lower this ratio, the lower the financial risk.

The debt policy is a policy to determine the funds of each company that comes from external sources. Managers in each company can pay attention to the risks of using debt in determining the proportion of debt appropriately in order to increase the value of the company.

However, in fact there is disruption and inconsistency of debt policy resulting in a decrease in the value of the company so that the statement where the debt policy can increase the value of a company is not as expected. (Afiezan et al, 2020)

2.3 Rentability

According to Bambang Riyanto (2010: 48) "Profitability of a company shows the comparison between profit and assets or capital that produces profit, in other words, profitability is the ability of a company to generate profits during a certain period". According to Bambang Hermanto (2015: 114) "Economic profitability is by comparing operating profits with all capital (own and foreign capital)."

III. Research Methods

The population in this study based on financial reports for 10 years PT. Holcim Indonesia, Tbk. The sampling technique in this study was saturated sample, where all members of the population were sampled. Thus the sample in this study financial statements for 10 years. The type of research used is associative, where the aim is to find out how to find the relationship between the independent variables and the dependent variable In analyzing the data, the classical assumption test, regression, correlation coefficient, determination coefficient and hypothesis test were used, either partially or simultaneously.

IV. Result and Discussion

4.1 Descriptive Analysis

This test is used to determine the minimum and maximum percentage, average percentage and standard deviation of each variable. The results are as follows:

Table 2. Descriptive Statistics Analysis Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
WCTO (X1)	10	5.55	14.32	8,287	3.1949
DAR (X2)	10	30.82	49.06	37,758	6.4185
Rentability (Y)	10	7.51	19.75	13,214	3.7630
Valid N (listwise)	10				

The working capital ratio obtained a minimum value of 5.55 trillion and a maximum value of 14.32 trillion with an average of 8.28 trillion with a standard deviation of 3.194. The debt ratio obtained a minimum value of 30.82% and a maximum value of 49.06% with an average value of 37.75% with a standard deviation of 6.418%. Profitability obtained a minimum value of 7.51% and a maximum value of 19.75% with an average of 13.21% with a standard deviation of 3.763%.

4.2 Verification Analysis

This analysis aims to determine the effect of the independent variable on the dependent variable. The test results are as follows:

a. Multiple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 3.Multiple Liner Regression Testing Results

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	24,307	1,955		12,436	.000
	WCTO (X1)	.621	.088	.527	7,030	.000
	DAR (X2)	-430	.044	-734	-9,781	.000

a. Dependent Variable: Rentability (Y)

a. Dependent Variable: Rentability (Y)

Based on the test results in the table above, the regression equation Y = 24.307 + 0.621X1 - 0.430X2 is obtained. From this equation it is explained as follows:

1) A constant of 24.307 means that if the working capital ratio and the debt ratio do not exist, then there is a Rentability value of 24.307 points.
2) The regression coefficient of the working capital ratio is 0.621, this number is positive, meaning that every time there is an increase in the working capital ratio of 0.621, then the profitability will also increase by 0.621 points.
3) The debt ratio regression coefficient is -0.430, this figure is negative, meaning that every time there is an increase in the debt ratio of 0.430, then the profitability will decrease by -0.430 points.

b. Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable either partially or simultaneously. The test results are as follows:

Table 4. Correlation Coefficient Testing Results Working Capital Ratio against Profitability.

Correlationsb

		WCTO (X1)	Rentability (Y)
WCTO (X1)	Pearson Correlation	1	.666 *
	Sig. (2-tailed)		.036
Rentability (Y)	Pearson Correlation	.666 *	1
	Sig. (2-tailed)	.036	

*. Correlation is significant at the 0.05 level (2-tailed).

b. Listwise N = 10

Based on the test results obtained a correlation value of 0.666 means that the working capital ratio has a strong relationship to Rentability.

Table 5. Test Results Correlation Coefficient of Debt Ratio to Rentability

Correlationsb

		DAR (X2)	Rentability (Y)
DAR (X2)	Pearson Correlation	1	-833 **
	Sig. (2-tailed)		.003
Rentability (Y)	Pearson Correlation	-833 **	1
	Sig. (2-tailed)	.003	

**. Correlation is significant at the 0.01 level (2-tailed).

b. Listwise N = 10

Based on the test results obtained a correlation value of -0.833 means that the debt ratio has a very strong negative relationship to Profitability.

Table 6. Correlation Coefficient Testing Results of working capital ratio and debt ratio simultaneously to Profitability.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981a	.962	.951	.8316

a. Predictors: (Constant), DAR (X2), WCTO (X1)

Based on the test results obtained a correlation value of 0.981 means that the working capital ratio and debt ratio simultaneously have a very strong relationship to profitability.

c. Analysis of the Coefficient of Determination

Analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable either partially or simultaneously. The test results are as follows:

Table 7. Testing Results of the Coefficient of Determination of the Ratio of Working Capital to Profitability.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666a	.443	.373	2.97912

a. Predictors: (Constant), WCTO (X1)

Based on the test results, it was found that the determination value was 0.443, meaning that the working capital ratio had an influence of 44.3% on Profitability.

Table 8. Results of Testing the Coefficient of Determination of the Ratio of Debt to Profitability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833a	.694	.656	2,20850

a. Predictors: (Constant), DAR (X2)

a. Predictors: (Constant), Debt ratio (X2)

Based on the test results obtained a determination value of 0.694 means that the debt ratio has an influence contribution of 69.4% on profitability.

Table 9. The Results of Testing the Coefficient of Determination of the working capital ratio and the ratio of debt to profitability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981a	.962	.951	.83164

a. Predictors: (Constant), DAR (X2), WCTO (X1)

Based on the test results, the determination value is 0.962, meaning that the working capital ratio and debt ratio simultaneously have an influence contribution of 96.2% to Profitability, while the remaining 3.8% is influenced by other factors.

d. Hypothesis Testing

1. Partial hypothesis test (t test)

Hypothesis testing with the t test is used to determine which partial hypothesis is accepted.

Table 10. Hypothesis Test Results Ratio of working capital to profitability.

Coefficientsa

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6,718	2,743		2,450	.040
	WCTO (X1)	.784	.311	.666	2,522	.036

a. Dependent Variable: Rentability (Y)

Based on the test results in the table above, the value of t count> t table or (2.552> 2.306) is obtained, thus there is a significant influence between the ratio of working capital to profitability.

Table 11. Hypothesis Test Results of Debt Ratio to Rentability

Coefficientsa

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	31,653	4,387		7,216	.000
	DAR (X2)	-.488	.115	-833	-4,258	.003

a. Dependent Variable: Rentability (Y)

Based on the test results in the table above, the value of t count <t table or (-4,258 <2,306) is obtained, thus there is a significant negative effect between the ratio of debt to profitability.

2. Simultaneous Hypothesis Test (Test F)

Hypothesis testing with the F test is used to determine which simultaneous hypothesis is accepted.

Table 12. Hypothesis Test Results Ratio of working capital and ratio of debt to profitability

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	122,606	2	61,303	88,636	.000b
	Residual	4,841	7	.692		
	Total	127,448	9			

a. Dependent Variable: Rentability (Y)
b. Predictors: (Constant), DAR (X2), WCTO (X1)

4.3. Effect of Working Capital Ratio on Profitability

The working capital ratio has a significant effect on Rentability with a correlation of 0.666 or has a strong relationship with a contribution of influence of 44.3%. Hypothesis testing obtained t value> t table or (2.552> 2.306). Thus there is a significant influence between the ratio of working capital to Rentability.

4.4. Effect of Debt Ratio on Profitability

The debt ratio has a significant effect on Rentability with a correlation of -0.833 or has a very strong negative relationship with a contribution of influence of 69.4%. Hypothesis testing obtained t value <t table or (-4,258 <2,306). Thus there is a significant negative effect between the debt ratio to Rentability.

4.5. Effect of Working Capital Ratios and Debt Ratios on Profitability

Working capital ratios and debt ratios have a significant effect on profitability by obtaining the regression equation Y = 24.307 + 0.621X1 - 0.430X2, the correlation value is 0.981 or has a strong relationship with the influence contribution of 96.2% while the remaining 3.8% is influenced by factors other. Hypothesis testing obtained the value of F count> F table or (88,636> 4,350). Thus, there is a significant influence between working capital ratio and debt ratio to profitability.

V. Conclusion

a. The working capital ratio has a significant effect on Rentability with a contribution of influence of 44.3%. Hypothesis test obtained t value> t table or (2.552> 2.306).
b. The debt ratio has a significant effect on Rentability with an impact contribution of 69.4%. Hypothesis test obtained t value <t table or (-4,258 <2,306).
c. The working capital ratio and the debt ratio have a significant effect on Profitability with an influence contribution of 96.2% while the remaining 3.8% is influenced by other factors. Hypothesis testing obtained the value of F count> F table or (88.636> 4,350).

Suggestion

a. The working capital ratio or used in this study is the working capital turnover at PT. Holcim Indonesia, Tbk has not all been effective, for better management it is better to minimize the amount of current liabilities contained in the balance sheet to improve negative working capital turnover and in order to increase company profitability, steps that can be taken are to reduce or reduce working capital turnover by means of one of them is to streamline the collection of receivables from customers so that cash is quickly collected.
b. The debt ratio or used in this study is the Debt to Total Assets Ratio at PT. Holcim Indonesia, Tbk is not all stable, for better the management of the company should have more control over the debt ratio so that each debt is under control.
c. Rentability or used in this research is economic profitability at PT. Holcim Indonesia, Tbk is not yet optimal. To be even better, management should increase its profitability by optimizing the company's EBIT (operating profit) so that it will have a positive impact on increasing economic profitability.

References

Afiezan, A., et al. (2020). The Effect of Free Cash Flow, Company Size, Profitability and Liquidity on Debt Policy for Manufacturing Companies Listed on IDX in 2016-2019 Periods. Budapest International Research and Critics Institute-Journal (BIRCI-Journal). P. 4005-4018.

Angelia, N and Toni, N. (2020). The Analysis of Factors Affecting Dividend Policy in Food and Beverage Sector Manufacturing Companies Listed in Indonesia Stock Exchange in 2015-2017. Budapest International Research and Critics Institute-Journal (BIRCI-Journal). P. 902-910

Agus Harjito & Martono, (2010) “Manajemen Keuangan” Yogyakarta: Penerbit Ekonisia.

Agus Sartono. (2010). “Manajemen Keuangan Toeri dan Aplikasi”, Edisi keempat, Yogyakarta: Penerbit BPFE.

Algifari. (2015). “Analisis Regresi untuk Bisnis dan Ekonomi”. Yogyakarta: BPFE.

Amelia, R. W., & Sunarsi, D. (2020). Pengaruh Return On Asset Dan Return On Equity Terhadap Debt To Equity Ratio Pada PT. Kalbe Farma, TBK. Ad Deenar: Jurnal Ekonomi dan Bisnis Islam, 4(01), 105-114.

Arikunto, Suharsimi (2014). "Prosedur Penelitian Suatu Pendekatan Praktek". Jakarta: Rineka Cipta.

Bambang Riyanto, (2011). "Dasar-dasar Pembelanjaan Perusahaan". Edisi ke empat, BPFE Yogyakarta.

Fahmi, Irham (2012), "Pengantar Manajemen Keuangan" Cetakan pertama. Bandung: Penerbit Alfabeta.

Hidayat, A., & Sunarsi, D. (2020). Faktor-Faktor Yang Mempengaruhi Dana Pihak Ketiga Dan Dampaknya Terhadap Profitabilitas (Survey Pada Bpr Syariah Di Jawa Barat Tahun 2014–2017). Jurnal Proaksi, 7(1), 54-65.

Imam Ghozali (2017). "Aplikasi Analisis Multivariate Dengan Program SPSS". Edisi Kelima. Semarang: Badan Penerbit Undip.

Istijanto (2014) "Riset Sumber Daya Manusia". Jakarta: PT. Gramedia Pustaka

Jasmani, J. (2018). Pengaruh Kinerja Keuangan Terhadap Harga Saham (Analisis Pada Perusahaan Property dan Real Estate Yang Go Public di Bursa Efek Indonesia. Jurnal Akuntansi Indonesia, 12(2).

Jasmani, J. (2019). The Effect of Liquidity and Working Capital Turnover on Profitability at PT. Sumber Cipta Multiniaga, South Jakarta. PINISI Discretion Review, 3(1), 29-38.

K Nufus, H Supratikta, A Muchtar, D Sunarsi. (2020). Analysis of Financial Performance: Case Study of PT. X Employee Cooperative. Utopía Y Praxis Latinoamericana. Vol. 25. Pages 429-444

Kasmir (2010), "Analisis Laporan keuangan", penerbit raja grafindo persada, Jakarta

Kasmir, (2010). "Pengantar Manajemen Keuangan", Edisi Pertama, Cetakan kedua, Jakarta: Penerbit Prenada Media.

Kasmir. (2012) "Pengantar Manajemen Keuangan", Edisi Pertama, Cetakan kedua, Jakarta: Prenada Media.

Kharis, Ismu Fadli (2011). "Studi Mengenai Impulse Buying dalam Penjualan Online". Semarang : Skripsi Universitas Diponegoro

Martono dan Agus Harjito, (2011). "Manajemen Keuangan", Jakarta: Penerbit Ekonisia.

Munawir (2010), "Analisis Laporan Keuangan", Edisi Ke Empat, Penerbit Liberty, Yogyakarta.

Santoso, Singgih (2015). "Menguasai Statistik Multivariat". Jakarta: PT Elex Media Komputindo.

Sartono. (2008) "Manajemen Keuangan Aplikasi Dan Teori", Edisi Keempat, BPFE, Yogyakarta,

Sawir, (2003). "Analisis Kinerja Keuangan dan Perencanaan Keuangan Perusahaan", Cetakan ketiga, Jakarta: Penerbit PT. Gramedia Pustaka Utama.

Sugiyarso, G. dan F. Winarni, "Manajemen Keuangan (Pemahaman Laporan Keuangan, Pengelolaan Aktiva, Kewajiban dan Modal serta Pengukuran

Sugiyono (2017), "Metode Penelitian Administrasi : dilengkapi dengan Metode R & D". Bandung: Alfabeta.

Suhartono, A., Jati, W., & Sunarsi, D. (2019). Pengaruh Earning Per Share Dan Return On Asset Terhadap Harga Saham Pada PT. Bank Negara Indonesia Tbk Periode 2009-2018. Jurnal Manajemen, Bisnis dan Organisasi (JUMBO), 3(3), 182-194.

Yusni Nuryani, Denok Sunarsi. (2020). The Effect of Current Ratio and Debt to Equity Ratio on Deviding Growth. JASa (Jurnal Akuntansi, Audit dan Sistem Informasi Akuntansi) Volume 4, Issue 2, Pages 304-312