Liquidity And Solvability On Profitability: A Study On Toll Road Sub-Sectors
Companies Listed At Indonesian Stock Exchange From Year 2014-2018

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ABSTRACT
The background of this research is to achieve the company's desire to gain profit in the competition that is experienced, usually by obtaining a maximum profit for the company's life in order to be maintained and developed. This research was conducted to determine the impact of liquidity and solvency on profitability in toll road sub-sectors in the Indonesia Stock Exchange period 2014-2018. Data used is data from reports Indonesia Stock Exchange. The independent variable of this research is the liquidity and solvency and dependent variables in this study are profitability. This study uses multiple linear regression methods. The purpose of this research is to know whether the liquidity affects partial profitability and the solvency affects partial profitability.

Keywords: liquidity, solvency, and profitability

INTRODUCTION
In the current era of development, Indonesian companies not only have to compete with domestic companies but face diverse competition from abroad. These conditions have also fueled competition in the industry sector. By maintaining and able to develop the companies, and achieving company goals both management and company leaders are often faced with various problems both technical, administrative and financial. Therefore the company management must take rational decisions and can be accounted for and the decision-maker requires a clear picture of the problems faced by the company. If the company increases the amount of debt as a source of funds it can increase financial risk. If the company cannot manage funds raised from debt productively, it can have a negative effect and have an impact on decreasing company profitability. Conversely, if the debt can be managed well and used for productive investment projects, it can have a positive influence and have an impact on increasing the profitability of companies. Investment in infrastructure is considered that it is one of the best ways to develop money. infrastructure has the opportunity to get a large return on investment.

Profitability is the company's ability to make a profit concerning sales, total assets, and own capital (Sartono in Ima Hernawati, 2007). High profitability will illustrate the effectiveness of management in managing the company in generating profits. If the effectiveness and efficiency of capital use can be achieved, then there is a possibility that the company will make a large profit. Liquidity is related to the problem of a company's...
ability to meet its financial obligations that must be met immediately. The amount of payment instruments (liquid instruments) owned by a company at one time is the paying power of the company concerned. A company that has the power to pay may not be able to fulfill all financial obligations that must be fulfilled immediately or in other words the company may not have the ability to pay. The solvency of a company shows the company's ability to meet all financial obligations if the company is currently liquidated. The definition of solvency is intended as the company's ability to pay all its debts, both long-term and long-term. This research is expected to add insight into the effect of liquidity on profitability in other companies on the Indonesia Stock Exchange.

**LITERATURE REVIEW AND HYPOTHESIS**

**Liquidity and Profitability**

According to the Indonesian Dictionary of KBBI, the definition of liquidity is the position of a company's money or cash and its ability to meet obligations that are due on time; the ability to meet debt obligations on time. According to Riyanto (2010) the notion of liquidity is matters relating to the problem of the ability of a company to be able to repay debts that must be repaid immediately. Liquidity, according to Hani (2015), is the ability of a company to fulfill all financial obligations that can be immediately disbursed or are past due. Specifically, the liquidity reflects the availability of funds owned by the company to meet all debts that are due. Where as Mardiyanto (2009), the definition of liquidity is a company's ability to be able to pay off short-term obligations (debt) on time, including paying off the portion of long-term debt that is due in the year. Munawir (2007) considers this liquidity is the ability of a company to be able to meet its financial obligations that must be immediately fulfilled, or also the company's ability to be able to meet financial obligations when billed. A company's liquidity has its own functions and benefits for the company's operations. According to Hery (2016). Liquidity is a tool to trigger companies in efforts to improve performance, it can also help to measure the level of the company's ability to pay short-term obligations and also can assist companies in analyzing and interpreting short-term financial positions.

Sudana (2015), said that 'liquidity is the company's ability to meet short-term financial obligations'. With high level of liquidity means that the company has sufficient internal funds to finance its short-term obligations, therefore it is expected for the company to do well and able to maximize its own profit.

**Solvency affected Return on Asset**

Solvency is a ratio used to measure the extent to which a company's assets are financed with debt (Hery, 2015). Calculation of solvency ratios can be used with 3 approaches, namely: the balance sheet approach, the income statement approach and the profit and loss and balance sheet approach.

According to Hery (2015), analyzing solvency has its own benefits. By doing so the company able to assess the ability of a company's assets to meet all obligations, including obligations that are permanent, such as the payment of principal installments and interest on a
regular basis, moreover they able to assess how much the company's assets are financed by debt or capital.

H1 : Solvency affected profitability

Profitability affected Return on Asset

It is a ratio used to measure a company's ability to generate profits from its normal business activities. The profitability ratio is also known as the profitability ratio. This ratio also aims to measure the effectiveness level of management in carrying out the company's operations. Purpose and Benefits of the Profitability Ratio the goals and benefits of the overall profitability ratio are to measure the company's ability to generate profits for a certain period, to assess the company's previous year's profit position with the current year, evaluate profit growth over time, measure the gross profit margin on net sales, measure the operating profit margin on net sales and measure the net profit margin on net sales.

H2 : Profitability affected profitability

RESEARCH METHOD
Sample and Population

This research is associative descriptive. Associative research shows that there are associations between variables used in research. The variables used in this study are independent variables, namely the cash ratio and debt to equity ratio. The cash ratio is one ratio of liquidity that shows the ability of cash in paying short-term obligations. Debt to equity ratio is one of the solvency ratios that shows the level of company debt and compares the use of debt and company equity. The dependent variable in this study is the return on assets. Return on assets is one of the profitability ratios that shows the company's ability to generate profits. The sample data of this study uses ratios on the financial statements of Toll Road sub-sector companies, namely JSMR, CMNP and META from 2014-2018. Thus there are 15 sample data in this study.

Data analysis in this study uses statistical analysis, namely: descriptive statistics, correlation analysis, classical assumption tests, and regression analysis. The regression model in this study is descriptive associative. Associative research suggests that there is an association between variables used in research studies. The variables used in this research are the variable independent cash ratio and debt to equity ratio. The cash ratio is one of the ratios of liquidity that demonstrates the ability of cash in paying for short-term liabilities. Debt to equity ratio is one of the solvency ratios that demonstrate the company's debt level and compare the use of debt and equity. The dependent variable in this study is the return on an asset. Return on assets is one of the profitability ratios that demonstrate the company's ability to generate profit. The sample data of this research used the ratio on the company's financial report sub-sectors toll road and the bridges are JSMR, CMNP, and META from 2014-2018. Thus there are 15 sample data in this study.

Data analysis method

Analysis of data on this research using statistic analysis are Descriptive statistics, correlation analysis, classical assumption test, and regression analysis. The regression models in this study are:

\[ Y = a + b1 X1 + b2 X2 \]
RESULT OF THE STUDY

Table 1 Statistic Descriptive

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minim um</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>15</td>
<td>.19</td>
<td>3.74</td>
<td>1.4238</td>
<td>.98176</td>
</tr>
<tr>
<td>DER</td>
<td>15</td>
<td>.09</td>
<td>3.31</td>
<td>1.2810</td>
<td>.98649</td>
</tr>
<tr>
<td>ROA</td>
<td>15</td>
<td>.02</td>
<td>.08</td>
<td>.0455</td>
<td>.01814</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed by SPSS 22, 2020

Based on the results of the statistic descriptive test by using SPSS software version 17 for sample (N) 15 obtained the following information:

The cash ratio variable shows the maximum value of 3.74 (374%), the minimum value is 0.19 (19%), the value of mean 1.4238 (142.38%), and the standard deviation value of 0.98176 (98.176%). Variable DEBT to Equity Ratio shows a maximum value of 0.09 (9%), a minimum value of 3.31 (331%), a value of mean 1.2810 (128.10%), and a standard deviation value of 0.98649 (98.649%). Return on asset variable shows the maximum value of 0.08 (8%), minimum Strongswan 0.02 (2%), mean value 0.0455 (4.55%) and the standard deviation value 0.01814 (1,814%).

Table 2 Summary of results of multiple linear analysis

<table>
<thead>
<tr>
<th>Hipotesis</th>
<th>Nilai (t-statistik)</th>
<th>Sign.</th>
<th>Ket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.712</td>
<td>.113</td>
<td>-</td>
</tr>
<tr>
<td>Cash Ratio (H1)</td>
<td>3.081</td>
<td>.010</td>
<td>Ditolak</td>
</tr>
<tr>
<td>Debt to Equity Ratio (H2)</td>
<td>.051</td>
<td>.960</td>
<td>Ditolak</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.444</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Prob F Statistik 13.970

Source: Data processed by SPSS 22, 2020

Cash Ratio Affected Return on Asset

From the output, SPSS obtained t count for a variable Cash Ratio of 3,081 with a significance value of 0.010. Because the calculated T value is positive and the significance value is 0.010 < of the significance level 0.05 (a), the conclusion of Ho is rejected and H1 (there is a significant positive influence between the Cash Ratio against ROA) is accepted. This means that the Cash ratio variable is partially influential positively and significantly against the profitability (ROA) of the toll road and subsector companies listed on the Indonesia Stock Exchange (IDX) period 2014-2018.

Debt to Equity Ratio Affected Return on Asset

From the output of SPSS in obtaining t count for the variable Debt to Equity Ratio of 0051 with a significance value of 0960. Since the calculated T value is positive and the significance value is 0960 > of the significance level of 0.05 (a), the conclusion of Ho is rejected and H2 (there is a positive influence between the Debt to Equity ratio against ROA) is accepted, but the effect is not significant. This means that the variable Debt to Equity Ratio has been partially positively influential but not significant to the profitability of the (ROA) sub-sector of the toll road and the bridge in the Indonesia Stock Exchange (IDX) period 2014-2018.
CONCLUSION

Based on the result of the study, the conclusion drawn is that the Cash Ratio as liquidity ratio affected profitability with positive and significant result on companies at Toll Road Sub-sector listed on the Indonesia Stock Exchange (IDX) period 2014-2018. This is in line with the previous research conducted by Siregar and Cahyo (2017) in his study concluded that liquidity has a significant positive impact on profitability. Debt to Total Equity Ratio as solvency ratio resulted in positive but not significant affect to the profitability of toll road companies listed on the Indonesia Stock Exchange period 2014-2018. Looking at the study simultaneously, the result shows that Cash Ratio and Debt to Equity Ratio simultaneously have a significant effect on the variable profitability of toll road sub-sector companies listed on the Indonesia Stock Exchange period 2014-2018.

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