Analysis of the Effect of Current Ratio on Debt Ratio for Companies Listed on Kompas 100

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Abstract. During this pandemic, many companies funded them using long-term debt. For this reason, this research was conducted by analyzing whether there was an effect of the current ratio on debt ratios in companies registered with the compass of 100. In addition, this research also wanted to find out the tendency of companies that have current ratio is higher whether to take a debt ratio is higher. This study uses a sample of companies registered with the compass 100 for 2021, by testing using SPSS and carrying out multiple linear regression tests, normality tests, classical assumption tests, f tests and t tests. After the SPSS test was carried out, it was found that the current ratio had a significant effect on the debt ratio and companies that had a high current ratio tended to have a high debt ratio as well.

Keywords: Current Ratio · Debt Ratio

1 Introduction

In the midst of an unstable economic period caused by the Covid-19 pandemic on the world's economy. Coupled with the various issues and natural disasters that frequently arise in Indonesia, causing many companies to feel insecure about the company's condition in the future. For this reason, many large and small companies postpone their projects until economic conditions stabilize. As a result, the company chooses to make short-term investments and safe investments, this makes the company have a fairly large current ratio. Because the company thinks that if it has high current assets, it is a sign that the company is able to finance the company's operations in a relatively long period of time. Companies that have a high current ratio are also considered to have a healthy financial condition and are more capable of paying off their long-term debt in the future. The purpose of this research is to provide an overview for the world of academia and the world of practitioners on the effect of the current ratio on the debt ratio, in addition to additional research literature on the current ratio on the debt ratio.

According to Mahardhika et al. [1] that the current ratio is current assets and accounts receivable that are used for the short term and not for the long term. This means that if the company has a current ratio value of 1 times greater than current liabilities, it is a sign

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that the company already has sufficient current assets. While the debt ratio according to Atmoko et al. [2] is something that is used for long-term project funding, which is closely related to the sustainability of the company going forward. A company that has a high debt ratio is actually a bad condition, because it means that the company has regular additional costs every month, namely bank interest payments. Based on these conditions, this study formulated the problem, namely whether the current ratio has a significant effect on the debt ratio for companies listed on Kompas 100?.

According to ginting [3] and Jufrizen [4] current ratio is the difference between current assets and short-term debt, where more current assets mean that the company is considered capable of financing the company's operational activities. Then according to Yasa [5] current ratio is an asset that is easy to liquidate and does not include inventory. According to the author, the current ratio is something about short-term financing, namely operational activities such as payment of salaries, rent and company utilities, and the nature of financing is fixed costs.

According to Priliyastuti [6] debt ratio is the ratio between debt and total equity, where the greater the debt, the more the company's activities are funded using debt, and this indicates that bank interest payments will be high. This indicates that it is not good for this company, this is in line with the opinion of Thoyib et al., Sari and Janifairus [7–9].

2 Research Method

This study used an analytical tool, namely SPSS statistics, which is a quantitative study by taking financial report data, where the sample in this study used companies listed on Kompas 100 in 2021, by analyzing the effect of the current ratio on the debt ratio. The sample used in this study was 100. The tests used in this study were the normality test, the classical assumption test, the t test and the f test.

3 Results and Discussion

Based on the results of processing using SPSS Statistics, the results of the Kolmogorov - Sminorv normality test were 0.889, this indicated that the sig value was above 0.05 and the data in this study were normally distributed (Table 1).

Table 1. Kolmogrov – Smirnov Test.

	Unstandardized Residual
N	100
Normal Parameters Mean	0,7678
Std deviation	4,7880
Asymp Sig. (2-tailed)	0,889

Table 2. Durbin-WatsonTest.

Model	Durbin-Watson
1	0,775

Furthermore, this test was carried out by conducting an autocorrelation test using the Durbin–Watson test, where the result was 0.775 and this was between −2 and +2, so there was no autocorrelation in this study (Table 2).

Then a heteroscedasticity test was carried out using a scatterplot and the results were that the images were spread out and not centered on one point, and this indicated that this study was free from heteroscedasticity (Fig. 1).

Then the last classic assumption test is to do a multicollinearity test by looking at the tolerance and VIF values, as in Table 3.

Then this research was continued by conducting multiple linear analysis tests, the results were obtained below,

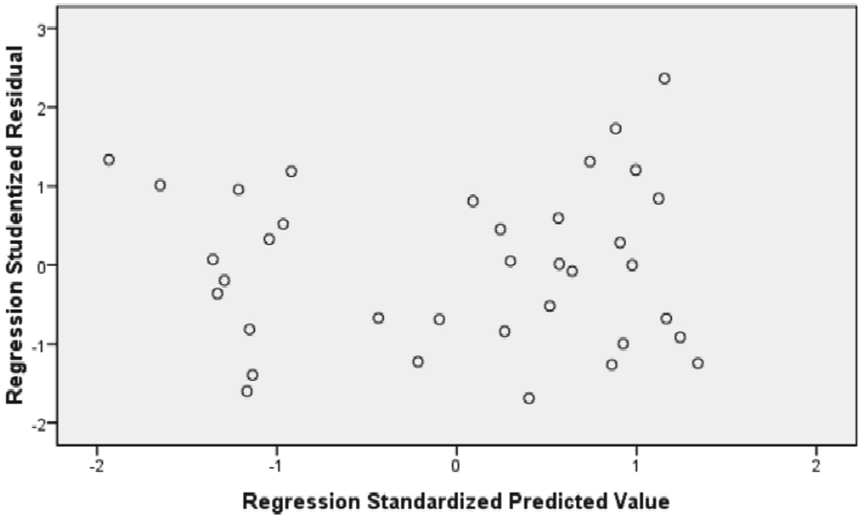

Fig. 1. A figure caption is heteroskedastisistas test

Table 3. Multikolinearitas Test.

Model	Tolerance	VIF
1		
CR	0,767	1,871
DER	0,876	1,871

Table 4. F and t Test.

No.	Item	Sig
1	F	0.001
2	CR	0.003

Based on Table 4, it is obtained that the overall F test results in this research model have a simultaneous effect with a sig value of $0.001 < 0.05$, meaning that this study has an impact on the influence of the current ratio on the debt ratio.

Furthermore, in Table 4, the t test shows that the current ratio has a positive effect on the debt ratio, this research is in line with [10] Marwin where the current ratio has an effect on the debt ratio, this is because many companies in the sample used to buy assets using debt, automatically This affects and relates between assets and debt.

4 Conclusion

The conclusion of this study is that the current ratio has a positive effect on the debt ratio, because in the sample companies buying assets use debt and this has a direct effect, where this research also outlines that generally companies buying assets use more long-term debt, where the purchase of these assets is usually used also for long-term projects. Suggestions for future research are expected that in the future there will be many studies related to current ratios and debt ratios using more variables.

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