



Influence of Liquidity on Profitability in PT Indofood Sukses Makmur Tbk

Nurlela¹, Hiroenimus Erwin Indrawan², Mahmud Syarif³, Yudha Febri Al Paksi⁴, Ananto Krisna Wardhana⁵

¹³⁴⁵Bina Sarana Informatika University

ARTICLE INFO

ABSTRACT

Keywords:

Profitability,
Influence of Liquidity,
Financial Statements

PT Indofood Sukses Makmur Tbk is a consumer goods industry sector engaged in the production of food and beverage ingredients, with production activities based on policies established by the company. The purpose of this study was to determine the effect of liquidity on profitability at PT Indofood Sukses Makmur Tbk. Types of quantitative descriptive research with data collection methods are observation and documentation studies. The data used is secondary data obtained from the financial statements of PT Indofood Sukses Makmur Tbk and analyzed using correlation coefficient tests, coefficients of determination, simple linear regression equations and processed using IBM SPSS Statistics Version 28.0.0 software. 0.138. The results of the determination test show that there is no significant effect between the Current Ratio and the Ratio On Assets of 0.190. The simple regression equation formed is not significant between the Current Ratio and the Ratio On Asset, namely $Y = 4.090 - 0.853 X$.

E-mail:
nurlela12@gmail.com

Copyright © 2021 Enrichment : Journal of Management.
All rights reserved.

1. Introduction

Profitability in a business is a very important indicator, which is used to measure the viability of a company. Creditors, company owners, and especially company management will try to increase profits, because they realize how important the meaning of profit is for the survival and future of the company.

Proper management is needed to support the development of the company's performance in order to increase profitability. Every company aims to seek profitability. Stable profitability will make investors interested in investing their funds. In addition, companies with a stable level of profitability will be able to maintain their business continuity efficiently.

Liquidity has a fairly close relationship with the company's ability to earn a profit, because liquidity indicates the level of availability of working capital needed in operational activities.

To maintain the survival and continuity of the company, efforts are needed on how to manage its financial policies properly, where a company can be said to have good performance if in its activities the company is able to fulfill its financial obligations and at the same time be able to generate profits. However, it often happens that the company is not able to maintain the alignment of the two things, namely the inadequate liquidity position due to the orientation of the company which always pursues profit without compensating for the management of the liquidity aspect or because the company pays too much attention to liquidity so that its profitability decreases.

If a company only pays attention to its liquidity but ignores others, the company takes a policy of providing cash and other liquid assets in very large amounts. This can lead to the result that some of the current capital is not productive so that the company's activities become substandard and cause the level of profitability to decrease or even suffer losses. On the other hand, if the company only pursues profitability without paying attention to the company's liquidity, it can cause the confidence of outsiders to decrease in the company.

PT Indofood Sukses Makmur Tbk is a manufacturer of various types of food and beverages. The company exports its food ingredients to Australia, Asia and Europe. In recent decades Indofood has transformed into a total food solutions company with operational activities covering all stages of the food production process, from the production and processing of raw materials to the final product available on retailers' shelves. Therefore, working capital needs, especially short-term ones, must always be available to support the company's operational activities and at the same time pay short-term obligations or debts that are collectible or due at any time as well as the company's operational payments. In other words, PT Indofood Sukses Makmur Tbk must maintain its liquidity level to maintain the company's routine by expecting optimal profitability so that it can be reinvested as working capital. Based on the description above, the writer is interested in conducting research with the title "The Effect of Liquidity on Profitability at PT Indofood Sukses Makmur Tbk"

2. Method

2.1 Basic Concepts of Calculation

The correlation coefficient is a number that connects two or more variables that can determine the direction of the two variables (Siregar, 2017). To determine the strength of the relationship, the value of the correlation coefficient is between -1 and 1, while the direction is expressed in the form of (+) and (-). Then the nature of the correlation is:

- a. If $r = -1$, it means that the correlation is perfectly negative, in that way there is an opposite relationship between the X variable and the Y variable, if the X variable increases, the Y variable decreases.
- b. If $r = 1$, it means that the correlation is perfectly positive, in that way there is a unidirectional relationship between the X variable and the Y variable, if the X variable increases, the Y variable increases.

The level of correlation and the strength of the relationship can be seen in the following table (Siregar, 2017):

Table 1
Correlation Level and Relationship Strength

No	Correlation Value	Relationship Level
1	0.00-0.199	Very weak
2	0.20-0.399	Weak
3	0.40-0.599	Enough
4	0.60-0.799	Strong
5	0.80-0.100	Very strong

The correlation coefficient formula is stated as follows:

$$r = \frac{(\sum xy) (\sum x.)}{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}$$

Information :

r = correlation coefficient value

n = number of data

x = Total variables x

y = Total variable y

x^2 = square of the variable x

y^2 = square of the total variable y

xy = product of total

variable x and variable y

3. Result and Discussion

PT Indofood Sukses Makmur Tbk is a manufacturer of various types of food and beverages based in Jakarta, Indonesia. The company was founded on August 14, 1990 by Sudono Salim under the name PT Panganjaya Intikusuma which on February 5, 1994 became PT Indofood Sukses Makmur Tbk.

PT Indofood Sukses Makmur Tbk has guidelines in managing its business, by setting a vision for the company's mass. The vision and mission of PT Indofood Sukses Makmur Tbk are as follows:

Company Vision

Become a Total Food Solutions Company.

Company Mission

Providing solutions to food needs in a sustainable manner. Constantly improving employee competence, production processes and technology. Contribute to the welfare of society and the environment in a sustainable manner. Increasing stakeholder value on an ongoing basis.

3.1 Organizational Structure of PT Indofood Sukses Makmur Tbk.

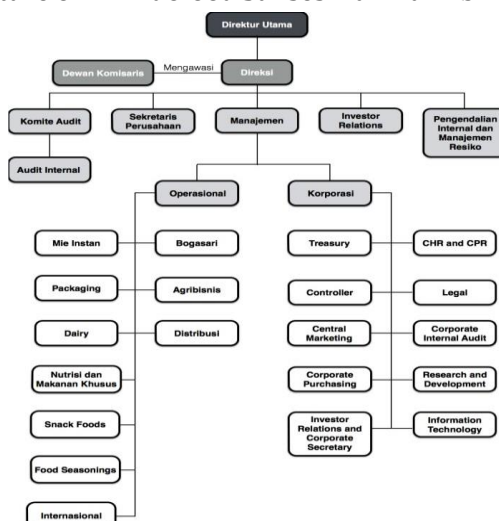


Figure 1. Organizational Structure of PT Indofood Sukses Makmur Tbk.

3.2 Research Data

The data that the author uses is taken from the financial statements of PT Indofood Sukses Makmur Tbk which are available in 2016-2020. Then it can be seen the value of the Current Ratio as follows:

Table 2
Data Current Ratio
PT Indofood Sukses Makmur Tbk

Year	D. Research	Current asset	Current liabilities	CR (%)
2016	Quarter I	42,698,878,000,000	23,157,551,000,000	1.84
	Quarter II	42,412,080,000,000	26,173,385,000,000	1.62
	Quarter III	41,687,967,000,000	25,085,280,000,000	1.66
	Quarter VI	28,985,443,000,000	19,219,441,000,000	1.51
2017	Quarter I	30,703,556,000,000	19,858,348,000,000	1.55
	Quarter II	35,030,940,000,000	23,998,035,000,000	1.46

Influence of Liquidity on Profitability in PT Indofood Sukses Makmur Tbk (Nurlela, et al)

Year	D. Research	Current asset	Current liabilities	CR (%)
2018	Quarter III	32,201,072,000,000	21,937,652,000,000	1.47
	Quarter VI	32,515,399,000,000	21,637,763,000,000	1.50
	Quarter I	35,344,798,000,000	23,962,619,000,000	1.47
	Quarter II	35,377,756,000,000	28,918,233,000,000	1.22
	Quarter III	35,553,231,000,000	31,435,755,000,000	1.13
	Quarter VI	33,272,618,000,000	31,204,102,000,000	1.07
2019	Quarter I	34,137,421,000,000	30,851,929,000,000	1.11
	Quarter II	33,009,190,000,000	29,845,158,000,000	1.11
	Quarter III	32,704,970,000,000	27,474,862,000,000	1.19
	Quarter VI	31,403,445,000,000	24,686,862,000,000	1.27
2020	Quarter I	37,504,687,000,000	28,185,511,000,000	1.33
	Quarter II	39,605,076,000,000	28,789,261,000,000	1.38
	Quarter III	36,970,280,000,000	28,367,905,000,000	1.30
	Quarter VI	38,418,238,000,000	27,975,875,000,000	1.37

Source: PT Indofood Sukses Makmur Tbk and Author Processed Data (2021)

Based on table 2 it can be explained that the Current Ratio value of PT Indofood Sukses Makmur Tbk has a good ability to pay off its obligations. Because the ratio of assets is greater than the liabilities owned with an average value of 1 time. If the ratio is above one, it means that the company is safe to pay its current liabilities using its current assets. And if the ratio is less than one, it means that the company can have difficulty paying its debts to creditors on time.

3.3 Data Return On Assets

The data that the author uses is taken from the financial statements of PT Indofood Sukses Makmur Tbk contained in 2016-2020 to calculate Return On Assets (ROA). This ratio can be calculated by dividing net income after tax by total assets. Then the value of Return On Assets (ROA) can be known as follows:

Table 3
Data Return On Assets
PT Indofood Sukses Makmur Tbk

Year	Research data	Net Profit After Tax	Total Assets	Return On Assets
2016	Quarter I	1.085.540.000.000	92,360,813,000,000	1.18
	Quarter II	2,231,033,000,000	92,941,495,000,000	2.40
	Quarter III	3,240,078,000,000	92,429,827,000,000	3.51
	Quarter IV	4,144,571,000,000	82,174,515,000,000	5.04
2017	Quarter I	1,204,891,000,000	84,697,492,000,000	1.42

Year	Research data	Net Profit After Tax	Total Assets	Return On Assets
		2,271,136,000,000	89,777,796,000,000	
	Quarter III	3,277,667,000,000	88,243,995,000,000	3.71
	Quarter IV	4,168,476,000,000	87,939,488,000,000	4.74
2018	Quarter I	1,188,570,000,000	92,957,732,000,000	1.28
	Quarter II	1.956.008.000.000	93,619,499,000,000	2.09
	Quarter III	2,819,942,000,000	95,989,207,000,000	2.94
	Quarter IV	4,166.101,000,000	96,537,796,000,000	4.32
2019	Quarter I	1,349,407,000,000	98,091,381,000,000	1.38
	Quarter II	2,545,288,000,000	97,367,672,000,000	2.61
	Quarter III	3,530,968,000,000	97,061,632,000,000	3.64
	Quarter IV	4,908,172,000,000	96,198,559,000,000	5.1
2020	Quarter I	1,403,751,000,000	102,662,235,000,000	1.37
	Quarter II	2.842.595 million	103,395.472,000,000	2.75
	Quarter III	3,752,556,000,000	161,531,863,000,000	2.32
	Quarter IV	6,455.632,000,000	163,136,516,000,000	3.96

Source: PT Indofood Sukses Makmur Tbk and Author Processed Data (2021)

From Table III.1 the Return On Assets (ROA) data can be seen in the first quarter of 2016 the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 1.18%, in the second quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk is 2.40%, in the third quarter the Return On Asset (ROA) of PT Indofood Sukses Makmur Tbk is 3.51%, in the sixth quarter the Return On Asset (ROA) of PT Indofood Sukses Makmur Tbk is 5.04% .

In 2017 the first quarter of the Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 1.42%, the second quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 2.53%, the third quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 3.71%, in the sixth quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 4.74%.

In 2018 the first quarter of the Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 1.28%, the second quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 2.09%, the third quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 2.94%, in the sixth quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 4.32%.

In 2019 the first quarter of the Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 1.38%, the second quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 2.61%, the third quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 3.64%, in the sixth quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 5.10%.

In 2020 the first quarter of the Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 1.37%, the second quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk was 2.75%, the third quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk is 2.32%, in the sixth quarter the amount of Return On Assets (ROA) of PT Indofood Sukses Makmur Tbk is 3.96%.

Based on Table III.2 of PT Indofood Sukses Makmur Tbk's Return On Asset (ROA) data above, it can be seen that the highest Return On Asset (ROA) value occurred in 2019, namely in the fourth quarter of 5.10%, while the highest Return On Asset value occurred in the fourth quarter. the lowest occurred in 2016 namely in the first quarter of 1.18%.

4. Conclusion

Based on the results of research conducted on the effect of the Liquidity Ratio on Profitability at PT Indofood Sukses Makmur Tbk in 2016-2020, the following conclusions can be drawn:

1. There is no significant relationship between the Liquidity Ratio using the Current Ratio measuring tool to Profitability using the Ratio On Assets measuring instrument at PT Indofood Sukses Makmur Tbk.
2. There is no significant effect between the Liquidity Ratio using the Current Ratio measuring instrument on Profitability using the Ratio On Assets measuring instrument at PT Indofood Sukses Makmur Tbk with an R Square value of -0.138 or -1.38%.
3. The regression equation formed is not significant between the Liquidity Ratio using the Current Ratio measuring tool to Profitability using the Ratio On Assets measuring instrument at PT Indofood Sukses Makmur Tbk with the regression equation $Y = 4.090 - 0.853X$ where Y is the Current Ratio and X is the Ratio On Assets .

References

- Astuti, R. 2020. Analysis of Liquidity and Solvency at PT Bank Perkreditan Rakyat Jorong Kampung Tengah Pariaman. 1-11.
- Gunawan, C. 2020. Proficient in Mastering SPSS Practical Guide to Managing Research Data New Edition Book For People Who Can't And Don't Like Statistics. Yogyakarta: CV. Main Budi.
- Hidayat, WW 2018. Analysis of Financial Statements. Ponorogo: Uwais Inspiration from Indonesia.
- Jamaluddin, A. 2020. Analysis of Liquidity at UD. Maju Bersama 827 In Iowa Village, Kec. Tanasolo Kab. Wajo. Jema Adpertisi, 1(2): 59-77.
- Kasmir 2016. Introduction to Financial Management. Jakarta: Prenada Media Group.
- Kurniasari, R. 2017. Analysis of Return On Assets (ROA) and Return On Equity Against Capital Adequacy Ratio at PT Bank Sinarmas Tbk. Journal of Accounting and Finance, 4(2): 150-158. <https://www.indofood.com>