

The Influence of Leverage, Total Asset Turnover, Liquidity, and Company Size on Company Financial Performance in Consumer Industry Sector Companies Listed on the Indonesia Stock Exchange 2018-2021

Andy¹ Ayang Pratama² Yeti Meliany Lubis³

Universitas Prima Indonesia, Medan City, North Sumatera Province, Indonesia^{1,2}

Universitas Sumatera Utara, Medan City, North Sumatera Province, Indonesia³

Email: ayangpratama@unprimdn.ac.id²

Abstract

This study examined the effect of leverage, total asset turnover, liquidity, and company size on company financial performance in consumer industry sector companies listed on the Indonesia Stock Exchange in 2018-2021. The analytical method used in this research is multiple linear regression with SPSS. Observations of this study using purposive sampling and obtained a sample of 34 companies by testing the classical assumptions, multiple linear regression, hypothesis testing, and the coefficient of determination. The conclusions from the results of this study indicate that partial leverage, total asset turnover, and liquidity significantly affect the Company's financial performance. In contrast, company size does not significantly affect the Company's economic performance. Simultaneously the four factors, namely leverage, total asset turnover, liquidity, and company size, greatly influence the Company's financial performance.

Keywords: Leverage, Total Asset Turnover, Liquidity, Company Size, Company Financial Performance



This work is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

INTRODUCTION

In an increasingly competitive industrial development, companies must be able to provide their best performance to survive in business competition and achieve company goals which can be demonstrated by company performance. Investors can assess and analyze company performance by using financial reports to determine the Company's financial condition. Assessment of financial performance indirectly has an impact on investment decision-making. The Company's financial performance is an assessment of its success in achieving its goals, namely obtaining profits and the effectiveness of good management to survive in intense business competition and attract investor confidence. One of the phenomena of a decline in the Company's financial performance in various countries due to the Covid-19 pandemic also occurred in Indonesia, which resulted in large-scale social restrictions that companies experienced a decline in their Company's performance, such as PT Unilever Indonesia, which experienced a decrease in profits of 19.6% in 2020 -2021 and is the Company's most significant decline compared to the previous year so that the impact on the Company's financial performance (cnbcindonesia.com) is an interesting phenomenon to study. Another wonder of decreased performance also occurred at PT Wilmar Cahaya Indonesia Tbk, which can be seen in Table 1 below:

Table 1. Phenomenon Data

Code	Year	Total Amoun of debt	Sale	Current asset	Total Assets	Net profit
CEKA	2018	192.308.466.864	3.629.327.583.572	809.166.450.672	1.168.956.042.706	136.839.635.762
	2019	261.784.845.240	3.120.937.098.980	1.067.652.078.121	1.393.079.542.074	274.640.420.999
	2020	305.958.833.204	3.634.297.273.749	1.266.586.465.994	1.566.673.828.068	181.812.593.992
	2021	310.020.233.374	5.359.440.530.374	1.358.085.356.038	1.697.387.196.209	187.066.990.085

HOKI	2018	195.678.977.792	202.397.742.620	490.747.589.782	758.846.556.031	128.846.079.052
	2019	207.108.590.481	240.521.135.082	483.422.211.591	848.676.035.300	159.504.296.665
	2020	188.719.266.211	1.173.189.488.886	423.486.192.138	906.924.214.166	38.038.419.405
	2021	280.958.063.589	933.597.187.584	450.325.961.390	989.119.315.334	12.533.087.704
KINO	2018	1.405.264.079.012	3.611.694.059.699	1.975.979.249.304	3.592.164.205.408	150.116.045.042
	2019	1.992.902.779.331	4.678.868.638.822	2.335.039.563.811	4.695.764.958.883	515.603.339.649
	2020	2.678.123.608.810	4.024.971.042.139	2.562.184.889.015	5.255.359.155.031	113.665.219.638
	2021	2.683.168.655.955	3.976.656.101.508	2.397.707.580.261	5.346.800.159.052	100.649.538.230

Source: Financial Statements, Data Processed

Based on Table 1 there is a phenomenon at PT Wilmar Cahaya Indonesia Tbk, total debt in 2019 has increased from 2018. Sales in 2019 have decreased compared to 2018, but the Company's net profit in 2019 has increased from 2018. This is contrary to the theory that if total debt increases, net profit decreases, and if sales decrease, net income decreases. The same thing happened to PT Hartadinata Abadi Tbk, where current assets in 2021 have increased from 2020. Still, net income decreased in 2021, contrary to the theory, which states that if existing assets increase, the Company's net profit will also follow. Increase. At PT Kino Indonesia Tbk, total assets will increase in 2021 compared to 2020. Still, the Company's net profit will decrease in 2021, contrary to the theory, which states that if total assets increase, the Company's net profit will also increase.

The Company's financial performance can be influenced by several factors, which can be analyzed through the Company's financial reports, such as leverage, total asset turnover, liquidity, and company size as benchmarks (Hery, 2018; Risna & Putra, 2021). According to (Kasmir, 2018), the leverage ratio measures the proportion of debt to capital. This ratio helps know the size of the comparison between the number of funds provided by creditors and the number of funds originating from company owners.

Furthermore, total asset turnover is the ratio used to measure the turnover of all assets owned by the Company. It measures the amount of sales obtained from each rupiah of assets (Putri, et., al., 2022). The liquidity ratio is the next factor affecting the Company's financial performance. According to (Hery, 2018), the liquidity ratio is the ratio that shows the Company's ability to meet short-term debt obligations that will mature soon. Liquidity describes the Company's credibility, which causes investors to react positively to provide their capital for investment considering company performance (Harahap, 2018). Another factor that influences the Company's financial performance (Avisia, 2020), namely company size, is the size of the Company seen from the value of equity, sales value, or asset value so that the greater the total assets can increase the size of a company.

RESEARCH METHODS

This study uses a quantitative approach. According to (Sugiyono, 2017), a method with quantitative research is used in researching samples by collecting data using research instruments; data analysis is statistical to test existing hypotheses. The type of research used is descriptive. Descriptive research is used to answer the formulation of the problem regarding the question of the existence of research variables (Sugiyono, 2017). The population used in this study are companies in the consumption industry sector listed on the IDX for 2018-2021, with as many as 66 companies. The sampling technique in this study was based on purposive sampling, so the total number of samples used in this study was 136 data.

Classic assumption test

The classical assumption test is a statistical requirement that must be met in multiple linear regression analysis. The classic assumption tests to be tested are the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test (Sugiyono, 2017).

Multiple Linear Regression Analysis

The method used in this study is multiple linear regression analysis using the SPSS statistical program with the following equation formula: $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$
 Information:

- Y = Company Financial Performance
- A = Constant
- X₁ = leverage
- X₂ = Total Asset Turnover
- X₃ = Liquidity
- X₄ = Company Size
- b₁, b₂, b₃, b₄ = Regression Coefficient
- e = Standard Error

RESEARCH RESULTS AND DISCUSSION

Descriptive statistics

A large number of observational data, namely data on companies in the consumption industry sector from 34 sample companies multiplied by four periods from 2018-2021.

Table 2. Statistics Descriptive

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Leverage	136	.12	11.75	1.0496	1.73002
TATTOO	136	.39	3.16	1.1315	.52005
Liquidity	136	.10	17.61	3.6835	3.63481
Company Size	136	25.95	32.82	29.1037	1.48729
Financial Performance	136	.00	.85	.1129	.12881
Valid N (Listwise)	136				

Source: SPSS Output Results

- Leverage has a minimum value of 0.12 obtained by PT Campina Ice Cream Industry Tbk, a maximum value of 11.75 obtained by PT Unilever Indonesia Tbk, an average value of 1.0496, and a standard deviation of 1.73002.
- Total asset turnover has a minimum value of 0.39 obtained by PT Integra Indocabinet Tbk and a maximum value of 3.16 obtained by PT Wilmar Cahaya Indonesia Tbk, an average value of 1.1315, and a standard deviation of 0.52005.
- Liquidity has a minimum value of 0.10 obtained by PT Kimia Farma Tbk and a maximum value of 17.61 obtained by PT Unilever Indonesia Tbk, an average value of 3.6835, and a standard deviation of 3.63481.
- Company size has a minimum value of 25.95, which PT Pyridam Farma Tbk obtained, and a maximum value of 32.82, obtained by PT Indofood Sukses Makmur Tbk, with an average value of 29.1037 and a standard deviation of 1.48729.
- Financial performance has a minimum value of 0.00 obtained by PT Kimia Farma Tbk and PT Sekar Bumi Tbk, a maximum value of 0.85 obtained by PT Unilever Indonesia Tbk, an average value of 0.1129 and a standard deviation of 0.12881

Assumption Test Classic

Normality Test

Table 3. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		136

Normal Parameters ^{a,b}	Mean	.000000
	Std. Deviation	.07786756
Most Extreme Differences	Absolute	.075
	Positive	.075
	Negative	-.055
Test Statistic		0.75
Asymp. Sig. (2-tailed)		.061 ^c
a. Test Distribution is Normal		
b. Calculated from Data		
c. Lilliefors Significance Correction		

Based on Table 3 the Asym value is obtained. A Sig of 0.061, which has a value greater than 0.05, indicates that the regression model is usually distributed.

Multicollinearity Test

Table 4. Multicollinearity Result

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Leverage	.775	1.290
	TATO	.984	1.016
	Liquidity	.777	1.287
	Company Size	.980	1.020
a. Dependent Variable: Financial Performance			

Table 4 shows that the research variables have a VIF value of <10 and a Tolerance value of > 0.10, indicating no multicollinearity of the independent variables in the study.

Autocorrelation Test Results

Table 5. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjust R Square	Std. Error of the Estimate	Durbin-Watson
1.	.797 ^a	.635	.623	.07905	2.070
a. Predictors: (Constant), Company Size, Liquidity, TATO, Leverage					
b. Dependent Variable: Financial Performance					

Based on Table 5, it can be concluded that there is no autocorrelation based on the results of the DW value of 2.070 at $DU\ 1.7808 < 2.070 < 2.2192$.

Heteroscedasticity Test

The heteroscedasticity test was carried out in this study with the Glejser Test. The following are the results of the Glejser test in this study, namely:

Table 6. Heteroscedasticity Test Glejser

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	.108	.080		1.344	.181
	Leverage	.005	.003	.183	1.936	.055
	TATO	-.009	.008	-.099	-1.175	.242
	Liquidity	.002	.001	.162	1.713	.089
	Company Size	-.002	.003	-.053	-.627	.532
a. Dependent Variable: ABS_RES						

Analysis Results in Multiple Linear Regression

This analysis will explain the multiple linear regression equation used in the following SPSS results.

Table 7. Analysis Results in Multiple Linear Regression

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	
	B	Std. Error	Beta			
1	(Constant)	-.166	.136		-1.216	.226
	Leverage	.049	.004	.654	10.907	.000
	TATO	.049	.013	.199	3.733	.000
	Liquidity	.006	.002	.168	2.810	.006
	Company Size	.005	.005	.059	1.114	.267

a. Dependent Variable: Financial Performance

From the results of the multiple linear regression test in this study, which can be seen in Table, the following results are obtained: **Financial Performance = -0.166 + 0.049 Leverage + 0.049 TATO + 0.006 Liquidity + 0.005 Company Size**

1. A constant value of -0.166 means that if leverage, total asset turnover, liquidity, and company size are considered constant, then the Company's financial performance is -0.166.
2. The regression coefficient value is positive by 0.049, which means that if each increase in leverage is 1 unit, the other variables are considered constant. The Company's financial performance will increase by 0.049.
3. The regression coefficient value is positive at 0.049, meaning that if each increase in total asset turnover is 1 unit, the other variables are considered constant, and the Company's financial performance will increase by 0.049.
4. The value of the regression coefficient is positive by 0.006, meaning that if each increase in liquidity by 1 unit in other variable conditions is considered constant, the Company's financial performance will increase by 0.006.
5. The regression coefficient value is positive by 0.005, which means that if every increase in company size by 1 unit, the other variables are considered constant, and the Company's financial performance will increase by 0.005.

Coefficient Determination

Table 8. Coefficient Determination Results

Model Summary ^b					
Model	R	R Square	Adjust R Square	Std. Error of the Estimate	Durbin-Watson
1.	.797 ^a	.635	.623	.07905	2.070

a. Predictors: (Constant), Company Size, Liquidity, TATO, Leverage
 b. Dependent Variable: Financial Performance

Based on Table 8, the variable correlation coefficient is 0.623. This figure means that the variable leverage, total asset turnover, liquidity, and company size affect the Company's financial performance by 62.3%. In comparison, the remaining 37.7% is influenced by other variables outside this study.

Hypothesis Test kindly Partial (t-test)

Table 9. Uji t Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		

1	(Constant)	-.166	.136		-1.216	.226
	Leverage	.049	.004	.654	10.907	.000
	TATO	.049	.013	.199	3.733	.000
	Liquidity	.006	.002	.168	2.810	.006
	Company Size	.005	.005	.059	1.114	.267
a. Dependent Variable: Financial Performance						

Based on Table 9, it can be explained that the partial test results in this study were obtained:

1. The leverage variable produces a count value of 10.907, a table of 1.97824 with a significance of 0.000. Then the comparison results on this variable are $10.907 > 1.97824$ and $0.000 < 0.05$, concluding that leverages positively and significantly affect the Company's financial performance.
2. The total asset turnover variable produces a count value of 3.733, table 1.97824, with a significance of 0.000. So the comparison results on this variable are $3.733 > 1.97824$ and $0.000 < 0.05$, concluding that total asset turnover positively and significantly affects the Company's financial performance.
3. The liquidity variable produces a count value of 2.810 and a table of 1.97824 with a significance of 0.006. Then the comparison results on this variable are $2.810 > 1.97824$ and $0.006 < 0.05$, concluding that liquidity positively and significantly affects the Company's financial performance.
4. The company size variable produces a count value of 1.114, a table of 1.97824 with a significance of 0.267. Then the comparison results on this variable are $1.114 < 1.97824$ and $0.267 > 0.05$, concluding that company size has no significant effect on the Company's financial performance.

Hypothesis Test kindly Simultaneous (Test F)

Table 10. Uji F Result

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.421	4	.355	56.871	.000 ^b
	Residual	.819	131	.006		
Total		2.240	135			
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Company Size, Liquidity, TATO, Leverage						

Based on Table 10, the value of $F_{count} > F_{table}$ ($56.871 > 2.44$) and Sig. of $0.000 < 0.05$ means that simultaneously leverage, total asset turnover, liquidity, and company size have a significant effect on the Company's financial performance.

Leverage has a Significant Effect on the Company's Financial Performance

The results of the research hypothesis H1 are accepted, which means that leverage has a positive and significant effect on the Company's financial performance. This study's results align with research conducted by (Oktaviyana et al., 2023), which states that leverage significantly affects a company's financial performance. This is because leverage as a source of company funds financed by debt or external parties can be used to fund companies in operating and developing their business in obtaining profits. When money from external parties as debt can be used wisely, it can improve business operations and increase company profits which can affect the Company's financial performance.

Total Asset Turnover has a Significant Effect on the Company's Financial Performance

The results of the research hypothesis H2 are accepted, meaning that total asset turnover significantly influences the Company's financial performance. This study's results align with Rompas and Rumokoy's (2023: 841) research, which states that total asset turnover significantly affects a company's financial performance. This is because total asset turnover or total asset turnover is a ratio that can be used to measure the effectiveness of a company's total assets in generating sales or, in other words, to measure the number of sales generated from each rupiah of funds embedded in total assets. The higher the turnover of total assets owned by the Company, the more effective and efficient the Company will be in managing its total assets in generating or increasing sales, and with increased sales volume, it will generate profits for the Company so that the Company's financial performance will also increase.

Liquidity has a Significant Effect on the Company's Financial Performance

The results of the research hypothesis H3 are accepted, meaning that liquidity significantly influences the Company's financial performance. This study's results align with research conducted by (Jumantari et al., 2022), which states that liquidity significantly affects a company's financial performance. This is because the high current assets indicate the availability of short-term funds that can be used in addition to paying off short-term debt can also be used to support the Company's operational activities in increasing sales to generate profits. The higher the liquidity value, the better the Company's financial performance because the Company can pay its obligations promptly and maximize profits by adequately managing its current assets. This increase in revenue will support the Company's operating activities so that it will increase the Company's profit and financial performance.

Company Size has a Significant Effect on the Company's Financial Performance

The research results of the H4 hypothesis are rejected, which means that company size has no significant effect on the Company's financial performance. This study's results align with research conducted by (Septiano & Mulyadi, 2023), which states that company size has no significant effect on the Company's financial performance. This is because the size of a large company may need a better performance and work system in managing its management. This is because the entire system that is owned does not operate efficiently, and it is very unprofitable for the Company if it does not have good management. The larger the size of the Company, the more complex financial problems it will face, so that it may need better financial management. This also shows that the size of the Company will not affect the size of the Company's financial performance.

Leverage, Total Asset Turnover, Liquidity, and Company Size Significantly Affect the Company's Financial Performance

The results of the research hypothesis H5 are accepted, which means that leverage, total asset turnover, liquidity, and company size affect the Company's financial performance by 62.3%.

CONCLUSION

The conclusions from the results of this study are: The results of the leverage hypothesis test show a significance value of $0.000 < 0.05$, so partial leverage has a positive and significant effect on the Company's financial performance. The total asset turnover hypothesis test results show a significance value of $0.000 < 0.05$, so partial total asset turnover positively and significantly affects the Company's financial performance. The results of the liquidity hypothesis test show a significance value of $0.006 < 0.05$, so partial liquidity has a positive and

significant influence on the Company's financial performance. The firm size hypothesis test results show a significance value of $0.267 > 0.05$, so partial firm size has no significant effect on the Company's financial performance. The results of the F-test hypothesis test show a significance value of $0.000 < 0.05$ so that simultaneously, leverage, total asset turnover, liquidity, and firm size have a significant effect on the Company's financial performance.

Suggestions that can be given from the research results for researchers who wish to continue or conduct repeated research are advised to add or replace other independent variables with the variables to be studied so that the results obtained can be developed. Investors are expected to conduct an analysis using the Company's financial statement data and its impact on the Company's financial performance so that the investment made can generate a significant return.

BIBLIOGRAPHY

- Astuti, Y. (2021). Pengaruh Likuiditas, Solvabilitas, Manajemen Aset, Ukuran Perusahaan, dan Struktur Modal Terhadap Kinerja Keuangan. *Invoice: Jurnal Ilmu Akuntansi*, 3(2), 355-381.
- Avisa, C. (2020). *Pengaruh Fixed Asset Turnover, Inventory Turnover, dan Working Capital Turnover terhadap Kinerja Keuangan Perusahaan dengan Firm Size sebagai Variabel Moderasi* (Doctoral dissertation, STIE Perbanas Surabaya).
- Diana, L., dan Osesoga, M. S. (2020). Pengaruh Likuiditas, Solvabilitas, Manajemen Aset, dan Ukuran Perusahaan Terhadap Kinerja Keuangan. *Jurnal Akuntansi Kontemporer*, 12(1), 20-34.
- Ghozali, Imam. (2018). *Aplikasi Analisis Multivariate dengan Program SPSS*. Edisi Kedelapan. Semarang: Bada Penerbit Universitas Diponegoro.
- Grediani, E., Saputri, E., dan Hanifah, H. (2022). Analisis Rasio Solvabilitas, Likuiditas, dan Aktivitas Terhadap Kinerja Keuangan Perusahaan di Sektor Perdagangan yang Terdaftar di BEI Periode 2016-2020. *Jurnal Ilmiah Akuntansi dan Keuangan*, 11(1), 51-65.
- Harahap, Sofyan Syafri. (2018). *Analisis Kritis Atas Laporan Keuangan*. Jakarta: Raja Grafindo Persada.
- Hery. (2018). *Analisis Laporan Keuangan : Integrated and Comprehensive Edition*. Cetakan Ketiga. PT. Gramedia: Jakarta.
- Jumantari, I. G. P. A., Endiana, I. D. M., dan Pramesti, I. G. A. A. (2022). Pengaruh Ukuran Perusahaan, Likuiditas, Leverage, Dan Struktur Modal Terhadap Kinerja Keuangan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2018-2020. *KARMA (Karya Riset Mahasiswa Akuntansi)*, 2(1), 2407-2415.
- Kariyoto. (2017). *Analisis Laporan Keuangan*. Malang: Universitas Brawijaya Press.
- Kasmir. (2018). *Analisis Laporan Keuangan*. Edisi Pertama. Cetakan Kesebelas. Jakarta: Raja Grafindo Persada.
- Kurniawan, D., dan Samhaji, S. (2020). Pengaruh *Leverage*, Likuiditas, dan Ukuran Perusahaan Terhadap Kinerja Keuangan Emiten Perbankan yang Terdaftar di Bursa Efek Indonesia. *Oikonomia: Jurnal Manajemen*, 16(2).
- Oktaviyana, D., Titisari, K. H., dan Kurniati, S. (2023). Pengaruh Leverage, Likuiditas, Struktur Modal Dan Ukuran Perusahaan Terhadap Kinerja Keuangan. *Journal of Economic, Business, and Accounting (COSTING)*, 6(2), 1563-1573.
- Putri, H. A. Z., Andi, K., Indra, Z., dan Sukmasari, D. (2022). Analisis Pengaruh *Total Assets Turnover, Working Capital Turnover, Debt to Equity Ratio*, dan *Current Ratio* Terhadap Kinerja Keuangan Perusahaan. *Jurnal Administrasi Bisnis Terapan*, 4(2), 128-139.
- Risna, L. G., dan Putra, R. A. K. (2021). Pengaruh Ukuran Perusahaan dan Leverage Terhadap Kinerja Keuangan Perusahaan Pada Perusahaan Otomotif dan Komponen yang Terdaftar di BEI. *Procuratio: Jurnal Ilmiah Manajemen*, 9(2), 141-155.

- Rompas, I. L. M., dan Rumokoy, L. J. (2023). Pengaruh *Current Ratio*, *Debt to Equity Ratio*, dan *Total Asset Turnover* Terhadap *Return on Asset* Perusahaan Sub Sektor Otomotif & Komponen di Bursa Efek Indonesia. *Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*, 11(1), 833-843.
- Septiono, Renil, dan Mulyadi, Rysha. (2023). Pengaruh Likuiditas dan Ukuran Perusahaan Terhadap Kinerja Keuangan pada Perusahaan Otomotif yang Terdaftar di Bursa Efek Indonesia. *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, 3(2), 525-535.
- Sriwiyanti, E., Damanik, E. O. P., dan Martina, S. (2021). Faktor-faktor Yang Mempengaruhi Kinerja Keuangan Perusahaan Properti dan Real Estate di BEI. *Jurnal Ecodemica: Jurnal Ekonomi, Manajemen, dan Bisnis*, 5(2), 184-193
- Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: Alfabeta, CV.