PENGARUH DEBT TO ASSET RATIO, CURRENT RATIO DAN SIZE TERHADAP EARNING PER SHARE: MEDIASI RETURN ON ASSET

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ABSTRAK

Tujuan dalam penelitian ini adalah untuk mengetahui dan menganalisis pengaruh Debt to Asset Ratio, Current Ratio dan ukuran perusahaan terhadap Return on Assets dan Earning Per Share. Penelitian dilakukan pada Perusahaan Sektor industri barang konsumsi selama Periode 2016-2020 yang terdaftar di Bursa Efek Indonesia (BEI). Populasi dalam penelitian ini adalah seluruh perusahaan consumer goods yang terdaftar di BEI sampai 2020 yang berjumlah 61 perusahaan, metode penentuan sampel dengan teknik purposive sampling. Sehingga menjadi populasi dalam penelitian ini adalah seluruh perusahaan consumer goods yang terdaftar di BEI sampai 2020 yang berjumlah 61 perusahaan. Analisis data menggunakan metode regresi linier berganda. Hasil penelitian menjelaskan bahwa Debt to Assets Ratio memiliki pengaruh positif dan tidak signifikan, sementara Current Ratio memiliki pengaruh positif dan signifikan dan ukuran perusahaan memiliki pengaruh negatif dan signifikan terhadap Return on Assets. Sedangkan Debt to Assets Ratio dan Current Ratio memiliki pengaruh negatif dan tidak signifikan, sementara ukuran perusahaan dan Return on Assets memiliki pengaruh positif dan signifikan terhadap Earning Per Share. Secara tidak langsung Debt to Assets Ratio, Current Ratio, dan ukuran perusahaan tidak berpengaruh terhadap Earning Per Share melalui Return on Assets.

Kata Kunci: *Debt to Assets Ratio; Current Ratio; Ukuran Perusahaan; Return on Assets; Earning per Share*

THE EFFECT OF DEBT TO ASSET RATIO, CURRENT RATIO AND SIZE ON EARNING PER SHARE: MEDIATION OF RETURN ON ASSET

ABSTRACT

The purpose of this study is to determine and analyze the effect of Debt to Asset Ratio, Current Ratio and company size on Return on Assets and Earning Per Share. The study was conducted on Consumer Goods Industry Sector Companies during the 2016-2020 Period listed on the Indonesia Stock Exchange (IDX). The population in this study were all consumer goods companies listed on the IDX until 2020, totaling 61 companies, the sampling method used was purposive sampling technique. So that the population in this study was all consumer goods companies listed on the IDX until 2020, totaling 61 companies. Data analysis used multiple linear regression methods. The results of the study explain that Debt to Assets Ratio has a positive and insignificant influence, while Current Ratio has a positive and significant influence and company size has a negative and significant influence on Return on Assets. Whereas Debt to Assets Ratio and Current Ratio have a negative and insignificant effect, while company size and Return on Assets have a positive and significant effect on Earning Per Share. Indirectly, Debt to Assets Ratio, Current Ratio, and company size do not affect Earning Per Share through Return on Assets.

Keywords: Debt to Assets Ratio; Current Ratio; Company Size; Return on Assets; Earning per Share

INTRODUCTION

The rapid development of business is the impact of increasing competitive business competition. Facing this situation, companies or company leaders strive to create or increase company value and are able to process production factors owned effectively and efficiently so that company goals are achieved. When viewed from its prospects, the current industry is very profitable. However, seen from the existing phenomenon, not all industrial companies have good prospects. When we talk about sales results, then we will talk about profit or gain. Profit or gain can be measured or assessed from the company's financial performance.

Manufacturing companies in the consumer goods industry sector are one of several types of companies listed on the Indonesia Stock Exchange (IDX). This industry is also one of the sectors that is of interest to investors because this industry has a very wide market share and the products of companies in this industry are very much needed by the community in everyday life. This industry is also known as a critically resistant industry, simply in any crisis everyone definitely needs to eat and drink for their survival.

Based on data from the Central Statistics Agency in 2019-2021. It is known that manufacturing companies in the food and beverage consumer goods industry sector have a stable growth rate compared to other sectors. This shows that consumer goods industry companies have greater potential and are very suitable for investors.

In an era of very tight competition, competitive advantage has developed and involved the importance of the company's financial performance. Therefore, it is very important to study the company's financial performance in more depth. ROA is one of the indicators to measure the company's financial performance, the greater the ROA shows the company's performance is getting better, because the return is getting bigger. The importance of ROA for investors is as one of the benchmarks in assessing an investment before the investment decision is taken.

Earning Per Share is the earnings per share that can be seen in the income statement. Prospective shareholders are attracted to a large Earning Per Share, because this is one indicator of a company's success. Earning Per Share (EPS) can indicate the level of company welfare, so if the Earning Per Share (EPS) distributed to shareholders or investors is high, it indicates that the company is able to provide a good level of welfare to shareholders.

DAR is used to measure the company's ability to adapt to conditions of asset reduction due to losses without reducing interest payments to creditors. A high ratio value indicates an increase in the ratio to creditors in the form of the company's inability to pay all its obligations. So that a high DAR ratio will result in high interest payments which will ultimately reduce dividend payments having a positive effect on the stock value of the company concerned. Research results Widodo (20118) and Basri (2016) which states that DAR has an effect on ROA, but this is contrary to the research results Aziz (2017) which states that DAR has no effect on ROA.

Further research results were conducted Maimunah (2015) shows that DAR has no influence on EPS and is supported by research Chelmi (2012) which shows that DAR does not have a significant effect on EPS. Further research conducted by Susilawati (2014) shows that CR has a positive and significant effect on EPS.

CR is a liquidity ratio used to measure the ability of current assets to meet short-term liabilities. The higher the CR, the greater the company's ability to pay short-term liabilities, but a CR that is too high also indicates poor management of liquidity sources. Excess in current assets should be used to pay long-term debt, pay dividends, or for investments that can generate higher returns. Research results Wartono (2018) and Safe (2017) states that CR has an effect on ROA, but this is contrary to the research results(Widodo, 2018)which states that CR has no effect on ROA. WhileResearch according to Afriyanti (2011) shows that the Current Ratio variable has a negative and significant effect on Return on Assets.

Research conducted by Susilawati (2014) shows that the Current Ratio has a positive and significant effect on Earning Per Share. However, in the study Sutejo (2010) shows Current Rationegative and insignificant influence on Earning Per Share.

Company size is a description of the company that shows the company's success which can be seen from the total assets owned by the company (Maretha, 2016). Firm Size has an ambiguous effect on company performance. First, the larger the company, the greater the costs, which will negatively affect company performance. On the other hand, large companies have economies of scale and flexibility that cause a positive relationship between company size and ROA performance. This study states that there is no relationship between company size and company financial performance. However, this study has limitations because the majority of the samples studied are large companies.Research conducted by Dogan (2013) stated that company size has a significant effect on ROA, while research conducted by Setiadewi (2014) shows that company size is not significant to ROA.Research conducted by Yuliandhari (2012) and Pouraghajan (2013) shows that company size has a positive and significant effect on Earnings Per Share.

In connection with the background of the problem above and the results of previous research, the aim of this research is toresearchi and analyze the influence of Debt to Asset Ratio (DAR), Current Ratio (CR), Size on Earning Per Share (EPS) through Return on Asset (ROA) in the consumer goods industry sector listed on the IDX for the 2016-2020 period.

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LITERATURE REVIEW

Debt to Asset Ratio

To run its operations, every company has various needs, especially those related to funds so that the company can run properly. Funds are always needed to cover all or part of the costs required, both short-term funds and long-term funds. Funds are also needed to expand or expand a business or new investment. This means that funds must always be available in a certain amount in the company so that they are available when needed. In this case, it is the job of the financial manager to fulfill these needs.

Companies prefer internal financing rather than using loans to fund their new investments or for additional capital. Companies with high profitability will use more retained earnings and less debt. Therefore, the amount of debt component will be related to the level of profitability.

According to Kasmir (2012) Debt to Asset Ratio is the debt ratio used to measure the comparison between total debt and total assets. In other words, how much of the company's assets are financed by debt or how much the company's debt affects the processing of assets.

From the measurement results, if the ratio is high, it means that funding with debt is increasing, then it is increasingly difficult for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with the assets it owns. The results of previous research conducted by Kusmajaya (2011) shows that the Debt to Asset Ratio has a positive and significant effect on Return on Assets. If the company decides to set a large capital structure, it is likely that the liquidity level will be maintained but the opportunity to obtain large profits will decrease which will ultimately have an impact on decreasing profitability.

H1: Debt to Asset Ratio has a positive and significant effect on Return on Assets

Current Ratio

Current Ratiois the ability of a company to meet debt needs when due. The higher the Current Ratio means the greater the company's ability to meet short-term obligations. A Current Ratio that is too high indicates an excess of idle current assets. So this is not good for the company's profitability because current assets generate lower returns compared to fixed assets. Researcher results Afriyanti (2011), Current Ratio has a negative effect on ROA. The results of the study Andreani (2013) that the Current Ratio does not have a significant effect on profitability. Companies that have excess current assets will have a negative effect on profitability. The results of the study.

H2: Current Ratio has a negative and significant effect on Return on Assets

Size

Company size describes the size of a company that can be expressed by total sales. Company size reflects the high and low operational activities of a company. In general, the larger the company, the greater its activities. The economy of scale of the company is reflected in the decrease in production costs in line with the increase in the amount of production. The larger the company, the greater the operational activities.company which means the higher the company's ability to generate profitability. The results of the study Dogan (2013) shows that Firm Size has a positive effect on ROA. However, in the research conducted by Setiadewi (2014) shows that company size has a negative and insignificant effect on Return on Assets.

H3: Size has a positive and significant effect on Return on Assets

Relationship of Debt to Asset Ratio to Earnings Per Share

Debt to Asset Ratio (DAR) is the ratio of debt to total assets obtained by dividing the company's total debt by the company's total assets. This ratio emphasizes the important role of debt financing for the company by showing the percentage of the company's assets supported by debt financing. The use of high or low debt can affect the rise and fall of earnings per share. And if the company obtains a greater return from the borrowed funds than the interest to be paid, it means that the income for the owner will increase.

In other words, DAR will have a positive effect if the company's assets financed by the debt are able to generate profits to cover the fixed costs that arise from the use of the debt and can later create profits for the company's owners (EPS). In addition Armaya (2010) stated that DAR has a positive relationship with EPS where the higher the DAR of a company, the more EPS available to the company will increase. Thus, it is suspected that the higher the DAR of a company, the higher the EPS will be if the company can generate profits that can cover the debt. Research conducted by Maimunah and Megasatya (2015) showed that the Debt to Asset Ratio had a negative and insignificant effect on Earnings Per Share.

H4: Debt to Asset Ratio has a positive and significant effect on Earning Per Share

Relationship of Current Ratio to Earnings Per Share

Current ratio enables the company's ability to pay its short-term obligations using its current assets. The liquidity position of a company is an important factor that must be considered before making a decision to determine the amount of dividends to be paid to shareholders. Based on the explanation Susilawati (2014) then it can be

concluded that the higher the level of liquidity of a company, the higher the level of profit received by investors, so it can be concluded that the Current Ratio has a positive influence on Earnings Per Share.
H5: Current Ratio has a positive effect on Earning Per Share

Relationship between Size and Earnings Per Share
The company size factor (Size) which indicates the size of the company is an important factor in the formation of profit. In general, companies that have relatively large total assets can operate with a higher level of effectiveness compared to companies that have lower total assets. Companies with adequate total assets are relatively more stable and better able to process the total assets they have so that they are able to generate relatively large profits. With the existence of large total assets, this shows the company's ability to manage the assets it has to create profits. Therefore, companies with large total assets will be better able to generate high levels of profit, so that the profit available to ordinary shareholders will also increase. Research conducted by Yuliandhari and Arista (2012) and Pouraghajan et al. (2013) shows that company size has a positive and significant effect on Earnings Per Share.
H6: Company size has a positive and significant influence on Earnings Per Share.

Relationship between Return on Asset and Earnings Per Share
ROA is used to measure the ability of management to gain overall profit. The greater the ROA, the greater the level of profit achieved. If the company's ability to use its assets to gain profit increases, it will directly or indirectly affect the increase in the company's net profit, the increase in net profit will certainly affect the increase in EPS.
*Return on Asset*is one of the factors that influence shareholders' decisions in investing. Every shareholder certainly wants the best company. The higher the company's Return on Asset value, the number of shareholders will increase, and the more capital the company will obtain to carry out its operational activities. Research Borromeu (2013) shows that Return on Asset has a significant positive effect on Earning Per Share. Followed by research Puspitosari (2015) and Puspita et al. (2015) shows that Return on Asset has a significant positive effect on Earning Per Share. In line with that, the research Uno et al. (2014) also shows that Return on Assets has a significant positive effect on Earnings Per Share.
H7: Return on Asset has a positive and significant influence on Earnings Per Share.

Relationship between Debt to Asset Ratio and Earning Per Share through Return on Assets
Debt to Asset Ratiois a debt ratio used to measure the comparison between total debt and total assets. In other words, how much of the company's assets are financed by debt or how much the company's debt affects the processing of assets. The greater the assets in the company are expected to have an effect on profits, one of the assessment indicators is ROA.
ROA is used to measure the ability of management to gain overall profit. The greater the ROA, the greater the level of profit achieved. If the company's ability to use its assets to gain profit increases, it will directly or indirectly affect the increase in the company's net profit, the increase in net profit will certainly affect the increase in EPS.
In other words, DAR will have a positive effect if the company's assets financed by the debt are able to generate profits to cover the fixed costs that arise from the use of the debt and can later create profits for the company's owners (EPS).
The results of the study conducted by Zulkarman (2018) explained that Debt to Assets Ratio has an influence on Return on Assets. Meanwhile, in the study of Diaz and Jufrizen (2014) it was explained that Return on Assets has an influence on Earning Per Share.
H8: Debt to Asset Ratio has a positive and significant effect on Earnings Per Share Through*Return on Asset*

Relationship of Current Ratio to Earning Per Share through Return on Asset
Current Ratiois the ability of a company to meet debt needs when due. The higher the Current Ratio means the greater the company's ability to meet short-term obligations. A current ratio that is too high indicates an excess of idle current assets. So this is not good for the company's profitability because current assets generate lower returns compared to fixed assets.
Current Ratio is one of the liquidity ratios, namely the ratio that aims to measure a company's ability to meet its short-term obligations. The higher the CR of a company means the smaller the risk of the company's failure to meet its short-term obligations. As a result, the risk that will be borne by shareholders is also smaller.
Researcher's results Afriyanti (2011), Current Ratio affects ROA.Meanwhile, in research by Diaz and Jufrizen (2014), it is explained that Return on Assets has an influence on Earnings Per Share.
H9: Current Ratio has a positive and significant effect on Earnings Per Share Through Return on Asset

Relationship between Size and Earning Per Share through Return on Assets
Company size describes the size of a company that can be expressed by total sales. Company size reflects the high and low operational activities of a company. The company size factor (Size) which shows the size of the company

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is an important factor in generating profits. In general, companies that have relatively large total assets can operate with a higher level of effectiveness compared to companies that have lower total assets. Companies with adequate total assets are relatively more stable and better able to process the total assets they own so that they can generate relatively large profits. The existence of large total assets shows the company's ability to manage the assets it owns to create profits.

Research conducted by Dogan (2013) show that Company size has a positive and significant effect on Return on Assets. However, in the research conducted by Setiadewi (2014) shows that company size has a negative and insignificant effect on Return on Assets.Meanwhile, in the research of Diaz and Jufrizen (2014), it is explained that Return on Assets has an influence on Earnings Per Share.

H10: Size has a positive and significant effect on Earnings Per Share Through Return on Asset

Framework
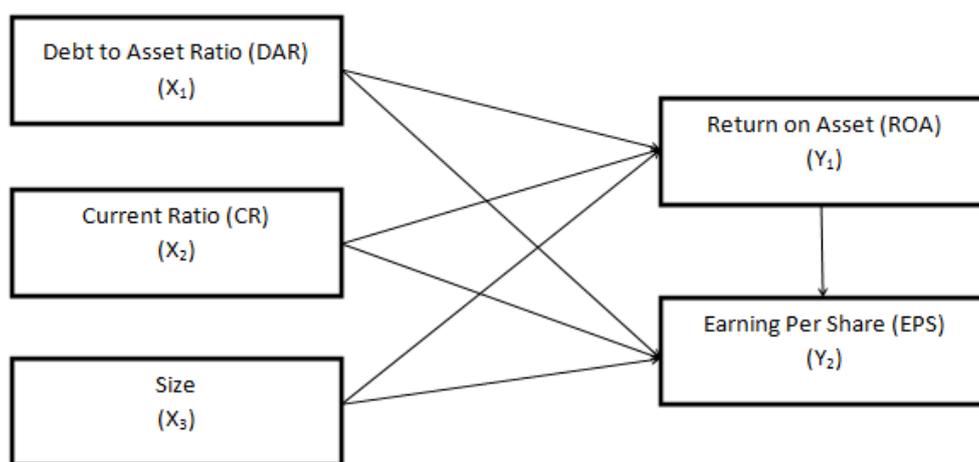Based on the framework of thought above, it can be described as in Figure 1.

Figure 1. Framework of Thought

RESEARCH METHODOLOGY
Place and Time of Research
The research was conducted on companies in the consumer goods industry sector during the 2016-2020 period listed on the Indonesia Stock Exchange (IDX) and downloaded from the official website of the Indonesia Stock Exchange, namely www.idx.co.id. This study uses BEI as a place of research, because the official BEI website itself has complete data. This study is planned from September 2021 to December 2021.

Population and Sample
The population in this study was all consumer goods companies listed on the IDX until 2020, totaling 61 companies.

The sampling technique used in this study is Purposive Sampling, which is a non-random sample selection that must meet the criteria that have been adjusted to the objectives and problems in this study. In this study, the sample is a company that meets certain criteria, the criteria used as a research sample are (1) Consumer Goods Industry Sector Companies listed on the IDX until 2020 and (2) Consumer Goods Industry Sector Companies listed on the Indonesia Stock Exchange at least registered before 2016, if registered after 2016 then excluded from the sample.Based on the above criteria, a research sample of 36 companies listed on the Indonesia Stock Exchange in 2016-2020 was obtained.

Data collection technique
The data collection carried out in conducting this research was (1) Library Research, (2) Secondary Data Collection and (3) Websites such as the Indonesian Stock Exchange (www.idx.co.id).

Operational Variables
Operationalization of variables is needed to determine the types and indicators of the variables related to this study. In addition, the operationalization of variables aims to determine the measurement scale of each variable, so that hypothesis testing using tools can be carried out properly. In more detail, the operationalization of variables in this study is shown in Table 1.

Table 1. Operational Variables

No.	Research Variables	Indicator		Scale
1.	Return on Asset (Y1)	ROA =	(Sartono, 2012) $\dfrac{\text{Profit After Tax}}{\text{Total Assets}}$	Ratio
2.	Earning Per Share (Y2)	EPS =	$\dfrac{\text{Profit After Tax}}{\text{Number of Shares Outstanding}}$ (Fahmi, 2014)	Ratio
3.	Debt to Asset Ratio (X1)	DAR =	$\dfrac{\text{Total Debt}}{\text{Total Assets}}$ (Sartono, 2012)	Ratio
4.	Current Ratio (X2)	CR =	$\dfrac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$ (Brigham, 2010)	Ratio
5.	Size / Company Size (X3)	Company Size = Ln (Total Assets) (Hartono, 2013)		Ratio

Data Analysis Techniques

Descriptive Statistical Analysis,This descriptive method is used to answer the problem regarding all research variables independently. The data analysis method in this study will use the help of a computer application program, namely SPSS version 23. Then, it is carried outClassical Assumption test which includes Normality Test, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test, then hypothesis testing is carried out using Path Regression Analysis.

RESULTS AND DISCUSSION

Descriptive Analysis

The following are the results of the descriptive analysis used in this study, shown in Table 2.

Table 2. Descriptive Analysis of Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Return On Assets	180	-20,675	92.100	9.39464	14.353217
Earning per Share	180	-272,430	2596.706	114.06689	264.591047
Debt to Assets Ratio	180	.077	2,900	.42243	.275914
Current Ratio	180	.152	10,252	2.75491	1.934886
Company Size	180	20,427	30,747	27.15641	2.414558
Valid N (listwise)	180				

Source: Processed Data, 2022

Based on the descriptive results of the research variables, the explanation is as follows (1) The Return on Assets variable has a minimum value of -20.675, with a maximum value of 92.100. While the average value of Return on Assets is 9.39464. (2) The Earning Per Share variable has a minimum value of -272.430, with a maximum value of 2,596.706. While the average value of Earning Per Share is 114.06689. (3) The Debt to Assets Ratio variable has a minimum value of 0.077, with a maximum value of 2.9. While the average value of Debt to Assets Ratio is 0.42243. (4) The Current Ratio variable has a minimum value of 0.152, with a maximum value of 10.252. Meanwhile, the average value of the Current Ratio is 2.75491 and (5) The company size variable has a minimum value of 20.427, with a maximum value of 30.747. Meanwhile, the average value of the company size is 27.156641.

Classical Assumption Test

The following are the results of the classical assumption tests used in the research, including:

Data Normality Test

Table 3 below is the result of the normality test of the data used in this study, using the Kolmogorov Smirnov model.

Table 3.One-Sample Kolmogorov-Smirnov Test

	abs
N	180
Kolmogorov-Smirnov Z	.944
Asymp. Sig. (2-tailed)	.336

Source: Processed Data, 2022

Based on the results of the normality test that has been carried out, where the significant value produced is 0.336 > 0.05, it can be concluded that the data used in this study has a normal distribution.

Multicollinearity Test
According to(Ghozali, 2016), the multicollinearity test aims to test whether a correlation is found between the independent variables in the regression model.In a good regression model there should be no correlation. Multicollinearity can be detected by looking at the tolerance value and variance inflation factor (VIF). Table 4 is the result of the multicollinearity test used in this study:

Table 4. Multicollinearity Test

Model	Collinearity Statistics		Conclusion
	Toll	**VIF**	
1 (Constant)			
Return On Assets	.871	1.148	No Multicollinearity Symptoms Occur
Debt to Assets Ratio	.711	1,407	No Multicollinearity Symptoms Occur
Current Ratio	.692	1,445	No Multicollinearity Symptoms Occur
Company Size	.898	1.114	No Multicollinearity Symptoms Occur

Source: Processed Data, 2022

Based on the results of the multicollinearity test that has been carried out, where the VIF value for each variable produced is greater than 10, then in accordance with the test criteria, the data in this study is free from multicollinearity symptoms.

Autocorrelation Test
Table 5 below shows the results of the autocorrelation test used in this study:

Table 5. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.633a	.400	.387	207.199470	2,041

Source: Processed Data, 2022

Based on the table above, the Durbin Watson value produced is 1.041 with a dL value of 1.6994 and a dU value of 1.8135, so it can be concluded that the dU value (1.8135) < dW (2.041) < dL (4 – 1.6994 = 2.3006) states that the data in this study is free from autocorrelation symptoms.

Heteroscedasticity Test.
Table 6 below is the result of the heteroscedasticity test used in this study:

Table 6. Heteroscedasticity Test

Model	t	Sig.	Conclusion
1 (Constant)	-1.427	.155	
Return On Assets	1,915	.057	No Heteroscedasticity Symptoms Occur
Debt to Assets Ratio	.109	.913	No Heteroscedasticity Symptoms Occur
Current Ratio	1,659	.099	No Heteroscedasticity Symptoms Occur
Company Size	1,948	.053	No Heteroscedasticity Symptoms Occur

Source: Processed Data. 2022

Based on the table above, the significant value of each variable used is greater than 0.05. So according to the testing criteria, it can be concluded that there are no symptoms of heteroscedasticity in this study.

Path Analysis

The statistical analysis used in this study is Multiple Linear Regression Analysis,The collected data were analyzed using multiple linear regression analysis to determine the effect of Debt to Asset Ratio (DAR), Current Ratio (CR), Size, on Return on Asset (ROA) and Earning Per Share (EPS). The following are the results of multiple linear regression analysis in this study shown in Table 7.(X_1) $(X_2)(X_3)(Y_1)(Y_2)$

Table 7. Multiple Linear Regression Analysis on the Effect of Debt to Assets Ratio, Current Ratio and Company Size on Return on Assets

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Toll	VIF
1 (Constant)	54,650	11,874		4.602	.000		
Debt to Assets Ratio	1,858	4.339	.036	.428	.669	.712	1.405
Current Ratio	1,351	.619	.182	2.182	.030	.711	1,407
Company Size	-1,832	.419	-.308	-4,370	.000	.995	1.005

a. Dependent Variable: Return On Assets
Source: Processed Data, 2022

Based on the results of data processing, the multiple linear regression equation obtained for structure I is as follows: **Y1 = 54,650 + 1,858X1 + 1,351X2– 1,832X3**. According to the regression equation that has been produced, the explanation is as follows:

The meaning of the numbers in the regression equation above (1) The constant value (a) is 54.659. This means that if*Debt to Assets Ratio, Current Ratio*and company size assumed to have a value of zero (0), then the Return on Assets is 54.659 points. (2) The regression coefficient value of 1.858 states that if*Debt to Assets Ratio*experiencing an increase of 1 unit, it can influence an increase in Return on Assets by 1.858 points. (3) The regression coefficient value of 1.351 states that if*Current Ratio*experiencing an increase of 1 unit, it can influence an increase in Return on Assets of 1.351 points and (4) The regression coefficient value of -1.832 states that if company size experiencing an increase of 1 unit, it can affect the decrease in Return on Assets by 1,832 points.

Meanwhile, the following are the results of multiple linear regression analysis on structure II produced in this study, shown in Table 8.

Table 8. Multiple Linear Regression Analysis on the Effect of Debt to Assets Ratio, Current Ratio and Company Size and Return on Assets on Earnings Per Share

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Toll	VIF
1 (Constant)	-831,217	192,735		-4.313	.000		
Return On Assets	12,328	1.156	.669	10,665	.000	.871	1.148
Debt to Assets Ratio	-33,424	66,569	-.035	-.502	.616	.711	1,407
Current Ratio	-8,586	9,622	-.063	-.892	.373	.692	1,445
Company Size	31,935	6,769	.291	4.718	.000	.898	1.114

a. Dependent Variable: Earnings Per Share
Source: Processed Data, 2022

Based on the results of the processed research data, the multiple linear regression equation obtained in structure II is as follows:**Y2 = -831,217 + 12,328Y1 - 33,424X1 – 8,586X2+ 31,935X3**. According to the regression equation that has been produced, the explanation is as follows (1)The constant value (a) is -831.217. The meaning is if*Return on Assets, Debt to Assets Ratio, Current Ratio*and company size assumed to be zero (0), then Earnings Per Share will experience a decrease of 831.217 points.(2)The regression coefficient value of 12.328 states that if*Return on Assets*experiencing an increase of 1 unit, it can affect the increase in Earnings Per Share by 12,328 points.(3)The regression coefficient value of -33.424 states that if*Debt to Assets Ratio*experiencing an

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increase of 1 unit, it can affect the decrease in Earnings Per Share by 33,424 points.(4)The regression coefficient value of -8.586 states that if*Debt to Assets Ratio*experiencing an increase of 1 unit, it can affect the decrease in Earnings Per Share by -8.586 points.(5)The regression coefficient value of 31.935 states that ifcompany sizeexperiencing an increase of 1 unit, it can affect the increase in Earnings Per Share by 31,935 points.

Coefficient of Determination Test
The following are the results of the determination coefficient regarding the Debt to Asset Ratio, Current Ratio and company size against Return on Assets shown in Table 9.

Table 9. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.359a	.129	.114	13.511689	.890

Source: Processed Data, 2022

Based on the table above, where the r square value is 0.129, it explains that the Debt to Asset Ratio, Current Ratio and company size can affect Return on Assets by 12.9% while the remaining 87.1% is influenced by other variables not examined in this study.

Meanwhile, the following are the results of the determination coefficient regarding Return on Assets, Debt to Asset Ratio, Current Ratio and company size against Earning Per Share shown in Table 10.

Table 10. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.633a	.400	.387	207.199470	2,041

Source: Processed Data, 2022

Based on the table above, where the r square value is 0.400, it explains that Return on Assets, Debt to Asset Ratio, Current Ratio and company size can affect Earning Per Share by 40% while the remaining 60% is influenced by other variables not examined in this study.

Hypothesis Testing
Direct and Partial Effect Significance Test (t-Test)
To determine the significance and direct influence of the independent variables on the dependent variables, the significance values obtained from the processed results with SPSS are compared. The results of the direct and partial influence significance tests in this study are shown in Table 11.

Table 11. Results of Direct Effect Significance Testing

Influence of Variables	Path Coefficient	T-Statistics	Sig	Conclusion
X1 on Y1	0.036	0.428	0.669	Positive and Insignificant Impact
X2 on Y1	0.182	2,182	0.030	Positive and Significant Influence
X3 on Y1	-0.308	-4,370	0,000	Negative and Significant Impact
X1 on Y2	-0.035	-0.502	0.616	Negative and Insignificant Impact
X2 on Y2	-0.063	-0.892	0.373	Negative and Insignificant Impact
X3 on Y2	0.291	4,178	0,000	Positive and Significant Influence
Y1 on Y2	0.669	10,665	0,000	Positive and Significant Influence

Source: Processed Data, 2022

**Significance Test of Indirect Effect**
The significance test of the indirect influence produced in this study uses the product of coefficient method. By using the Aroian Sobel Test formula (z-value). The results of the significance test of the indirect and partial influence in this study are shown in Table 12.

Table 12. Results of Testing the Significance of Indirect Effects

Indirect Influence	Test Calculation					T Table	Conclusion
	a	b	Sa	Sb	z-value		
X1 on Y2 Through Y1	0.036	0.669	4,339	1,156	0.004	1,973	No Significant Impact
X2 on Y2 Through Y1	0.182	0.669	0.619	1,156	0.142	1,973	No Significant Impact
X3 on Y2 Through Y1	-0.308	0.669	0.419	1,156	-0.310	1,973	No Significant Impact

Source: Processed Data, 2022

Based on the table above, the conclusion of accepting the hypothesis in this study can be summarized in Figure 2.
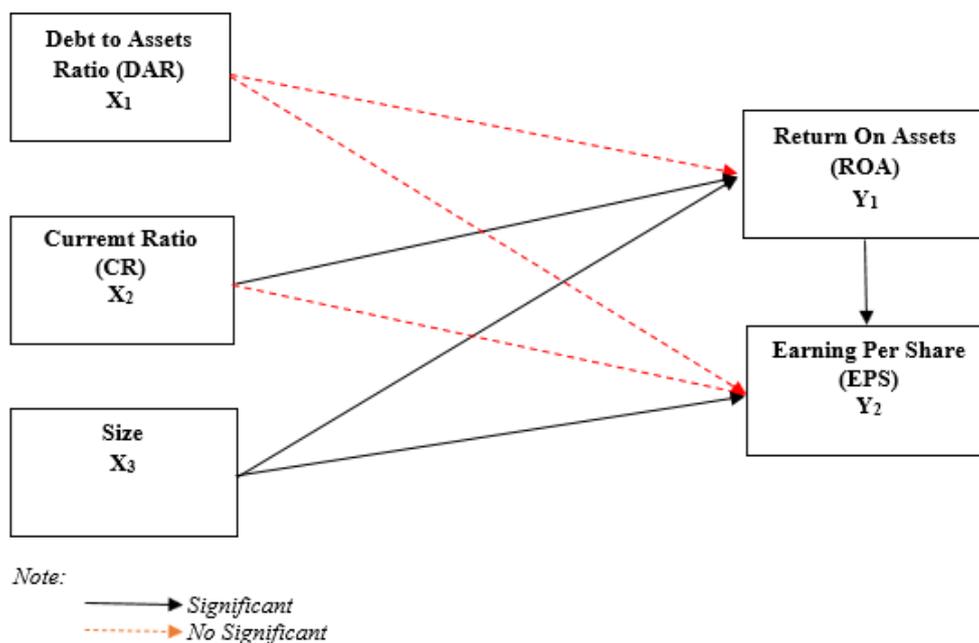
Source: Processed Data, 2022
Figure 2. Final Estimation of Research Model

Table 13. Summary of Research Results of Research Hypothesis Testing

Hypothesis	Hypothesis Statement	Results
H1	Debt to assets ratio has no effect on return on assets	Rejected
H2	Current ratio affects return on assets	Accepted
H3	Size affects return on assets	Accepted
H4	Debt to assets ratio has no effect on earnings per share	Rejected
H5	Current ratio has no effect on earnings per share	Rejected
H6	Size influences earnings per share	Accepted
H7	Return on assets affects earnings per share	Accepted
H8	Debt to assets ratio has no effect on earnings per share via return on assets	Rejected
H9	Current ratio has no effect on earnings per share via return on assets	Rejected
H10	Size has no effect on earnings per share through return on assets	Rejected

Source: Processed Data, 2022

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Goodness of Fit Test (F Test)
The F statistical test basically shows whether all independent or free variables are included in the model that have a joint influence on the dependent or bound variable. The F test is conducted to test whether the regression model used is fit. If the significance value is less than 0.05, it means that the regression model is fit or suitable for use.

Table 14. Goodness of Fit Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5018473.932	4	1254618.483	29,224	.000a
	Residual	7513033.589	175	42931.621		
	Total	1.253E7	179			

Source: Processed Data, 2022

The results of the f test explain that the calculated f value (29.224) > f table (2.42) with a significant value of 0.000 < 0.05, so it can be concluded that Return on Assets, Debt to Asset Ratio, Current Ratio and company size can simultaneously influence Earning Per Share.

Discussion
The effect of Debt to Asset Ratio (DAR) on Return on Asset (ROA)
The results of the research that has been carried out explain*Debt to Assets Ratio*has a positive and insignificant influence on Return on Assets.To run its operations, every company has various needs, especially those related to funds so that the company can run properly. Funds are always needed to cover all or part of the costs required, both short-term funds and long-term funds. Funds are also needed to expand or expand a business or new investment. This means that funds must always be available in a certain amount in the company so that they are available when needed. In this case, it is the job of the financial manager to fulfill these needs.

Companies prefer internal financing rather than using loans to fund their new investments or for additional capital. Companies with high profitability will use more retained earnings and less debt. Therefore, the amount of debt component will be related to the level of profitability.

From the measurement results, if the ratio is high, it means that funding with debt is increasing, then it is increasingly difficult for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with the assets it owns. The results of previous research conducted by Kusumawijaya (2011) shows that the Debt to Asset Ratio has a positive and significant effect on Return on Assets.If the company decides to set a large capital structure, it is likely that the liquidity level will be maintained but the opportunity to obtain large profits will decrease which will ultimately have an impact on decreasing profitability.

The effect of Current Ratio (CR) on Return on Asset (ROA)
The results of the research that has been carried out explain*Current Ratio*has a positive and significant influence on Return on Assets.*Current ratio*is the ability of a company to meet debt needs when due. The higher the Current Ratio means the greater the company's ability to meet short-term obligations. A current ratio that is too high indicates an excess of idle current assets, so it is not good for the company's profitability because current assets generate lower returns compared to fixed assets.

Researcher's results Afriyanti (20111), Current Ratio has a negative effect on ROA. The resultsresearch (Andreani, 2013) that Current Ratio does not have a significant effect on profitability. The results of research Sarjana (2013) that the Current Ratio variable shows an insignificant effect. Companies that have excess current assets will have a negative effect on profitability. The results of research Liargovas and Skandalis (2010), Azhagaiah and Gavoury (2011), and Saad (2010) show that CR has a negative effect on ROA.

The effect of Size on Return on Assets (ROA)
The results of the research that has been carried out explainCompany size has a negative and significant influence on Return on Assets.Company size describes the size of a company that can be expressed by total sales. Company size reflects the high or low operational activities of a company. In general, the larger the company, the greater its activities.

The larger the company size, the greater the operational activities.company which means the higher the company's ability to generate profitability. The results of the study(Dogan, 2013)shows that Firm Size has a positive effect on ROA. Research conducted by Dagon (2013) show that Company size has a positive and significant effect on Return on Assets. However, in the research conducted by Setiawdewi (2014) shows that company size has a negative and insignificant effect on Return on Assets.

The effect of Return on Asset (ROA) to Earning Per Share (EPS)

The results of the research that has been carried out explain*Return on Assets*has a positive and significant influence on Earning Per Share.ROA is used to measure the ability of management to gain overall profit. The greater the ROA, the greater the level of profit achieved. If the company's ability to use its assets to gain profit increases, it will directly or indirectly affect the increase in the company's net profit, the increase in net profit will certainly affect the increase in EPS.

Return on Asset is one of the factors that influence shareholders' decisions in investing. Every shareholder certainly wants the best company. The higher the company's Return on Asset value, the number of shareholders will increase, and the more capital the company will obtain to carry out its operational activities.

Study Barromeu (2013) shows that Return on Asset has a significant positive effect on Earning Per Share. Followed by research Puspitasari (2015) and Puspita (2015) shows that Return on Asset has a significant positive effect on Earning Per Share. In line with that, the research Uno et al. (2014) also shows that Return on Assets has a significant positive effect on Earnings Per Share.

The effect of Debt to Asset Ratio (DAR) on Earning Per Share (EPS)

The results of the research that has been carried out explain*Debt to Assets Ratio*has a negative and insignificant influence on Earnings Per Share.*Debt to Asset Ratio* (DAR) is the ratio of debt to total assets obtained by dividing the company's total debt by the company's total assets. This ratio emphasizes the important role of debt financing for the company by showing the percentage of the company's assets supported by debt financing. The use of high or low debt can affect the rise and fall of earnings per share. And if the company obtains a greater return from the borrowed funds than the interest to be paid, it means that the income for the owner will increase.

In other words, DAR will have a positive effect if the company's assets financed by the debt are able to generate profits to cover the fixed costs that arise from the use of the debt and can later create profits for the company's owners (EPS). In addition Armaya (2010) stated that DAR has a positive relationship with EPS where the higher the DAR of a company, the more EPS available to the company will increase. Thus, it is suspected that the higher the DAR of a company, the higher the EPS will be if the company can generate profits that can cover the debt.

Research conducted by Maimunah and Megasatya (2015) showed that the Debt to Asset Ratio had a negative and insignificant effect on Earnings Per Share.

The effect of Current Ratio (CR) on Earning Per Share (EPS)

The results of the research that has been carried out explainCurrent Ratio has a negative and insignificant effect on Earning Per Share.*Current ratio*enables the company's ability to pay its short-term obligations using its current assets. The liquidity position of a company is an important factor that must be considered before making a decision to determine the amount of dividends to be paid to shareholders. Based on the explanation Susilawati (2014) then it can be concluded that the higher the level of liquidity of a company, the higher the level of profit received by investors, so it can be concluded that the Current Ratio has a positive influence on Earnings Per Share.

The effect of Size on Earning Per Share (EPS)

The results of the research that has been carried out explain Company size has a positive and significant influence on Earning Per Share.The company size factor (Size) which indicates the size of the company is an important factor in the formation of profit. In general, companies that have relatively large total assets can operate with a higher level of effectiveness compared to companies that have lower total assets. Companies with adequate total assets are relatively more stable and better able to process the total assets they have so that they are able to generate relatively large profits. With the existence of large total assets, this shows the company's ability to manage the assets it has to create profits. Therefore, companies with large total assets will be better able to generate high levels of profit, so that the profit available to ordinary shareholders will also increase. This Research in line with research conducted by Yuliandhari (2012) and Pouraghajan (2013) shows that company size has a positive and significant effect on Earnings Per Share.

The effect of Debt to Assets Ratio on Earning Per Share through Return

The results of the research that has been carried out show that the Debt to Assets Ratio does not have a significant effect on Earnings Per Share through Return on Assets.*Debt to Asset Ratio*is a debt ratio used to measure the comparison between total debt and total assets. In other words, how much of the company's assets are financed by debt or how much the company's debt affects the processing of assets. The greater the assets in the company are expected to have an effect on profits, one of the assessment indicators is ROA.

ROA is used to measure the ability of management to gain overall profit. The greater the ROA, the greater the level of profit achieved. If the company's ability to use its assets to gain profit increases, it will directly or

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indirectly affect the increase in the company's net profit, the increase in net profit will certainly affect the increase in EPS.

In other words, DAR will have a positive effect if the company's assets financed by the debt are able to generate profits to cover the fixed costs that arise from the use of the debt and can later create profits for the company's owners (EPS). The results of research conducted by Zulkarman (2018) explain that Debt to Assets Ratio has an effect on Return on Assets. Meanwhile, in research Diaz and Jufrizen (2014) explains that Return on Assets has an effect on Earning Per Share.

The effect of Current Ratio on Earning Per Share through Return on Assets
The results of the research that has been carried out show that the Current Ratio does not have a significant effect on Earnings Per Share through Return on Assets. *Current Ratio* is the ability of a company to meet debt needs when due. The higher the Current Ratio means the greater the company's ability to meet short-term obligations. So, it is not good for the company's profitability because current assets generate lower returns compared to fixed assets.

Current Ratio is one of the liquidity ratios, namely the ratio that aims to measure a company's ability to meet its short-term obligations. The higher the CR of a company means the smaller the risk of the company's failure to meet its short-term obligations. As a result, the risk that will be borne by shareholders is also smaller.

Researcher's results Afriyanti (2011), Current Ratio affects ROA. Meanwhile, research Diaz and Jufrizen (2014) explains that Return on Assets has an influence on Earnings Per Share.

The effect of Size on Earning Per Share through Return on Assets
The results of the research that has been carried out show that the current ratio does not have a significant effect on Earnings Per Share through Return on Assets. Company size describes the size of a company which can be expressed by total sales. Company size reflects the high or low level of a company's operational activities.

In general, companies that have relatively large total assets can operate with a higher level of effectiveness compared to companies that have lower total assets. Companies with adequate total assets are relatively more stable and better able to process the total assets they have so that they can generate relatively large profits. The existence of large total assets shows the company's ability to manage the assets it has to create profits.

Research conducted by Dogan (2013) show that Company size has a positive and significant effect on Return on Assets. However, in the research conducted by(Setiadewi, 2014)shows that company size has a negative and insignificant effect on Return on Assets. Meanwhile, in the research Diaz and Jufrizen (2014) it is explained that Return on Assets has an influence on Earnings Per Share.

CONCLUSION
Based on the results of the research that has been carried out, it explains*debt to assets ratio*has a positive and insignificant influence, current ratio has a positive and significant influence and company size has a negative and significant influence on return on assets. While return on assets and size have a positive and significant influence, debt to assets ratio and current ratio have a negative and insignificant influence on earnings per share.The results of the path hypothesis where debt to asset ratio, current ratio and size do not have a significant effect on earnings per share through return on assets.

The suggestions that the author can give are (1) The company management is expected to improve the company's financial performance, especially in increasing the profitability generated. so that this will have an impact on increasing the company's value. (2) Investors are advised to choose companies with high profitability to avoid losses and (3) For further researchers, it is hoped that they can develop this research by adding other variables that can influence the profitability and value of the company.

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