#### **THESIS**

# THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO, RETURN OF ASSET RATIO AND TOTAL ASSET TURN OVER TO WORKING CAPITAL TO TOTAL ASSET IN BANKING SUBSECTOR OF FINANCE SECTOR IN IDX 2018-2021

Submitted to fulfill the Requirements to Get a

Bachelor's Degree in Economics from

Narotama University

Surabaya



BY:

ABDULRAMAN MUBARAK SALEM ALKHADAID

STUDENT NUMBER: 01218146

MANAGEMENT STUDY PROGRAM

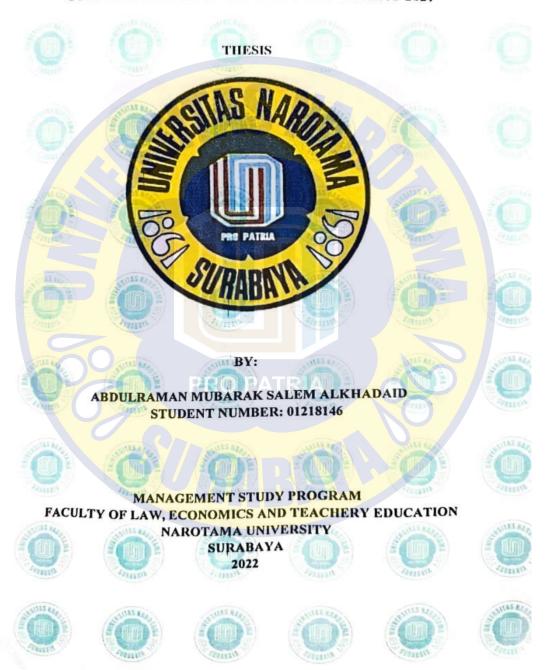
FACULTY OF LAW, ECONOMICS AND TEACHERY EDUCATION

NAROTAMA UNIVERSITY

**SURABAYA** 

2022

THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO,
RETURN OF ASSET RATIO AND TOTAL ASSET TURN OVER TO
WORKING CAPITAL TO TOTAL ASSET IN BANKING
SUBSECTOR OF FINANCE SECTOR IN IDX 2018-2021



#### STATEMENT LETTER

The undersigned below:

Name : ABDULRAMAN MUBARAK SALEM ALKHADAID

NIM : 01218146

Faculty : Economic and Business

Study program : Management

# THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO, RETURN OF ASSET RATIO AND TOTAL ASSET TURN OVER TO WORKING CAPITAL TO TOTAL ASSET IN BANKING SUBSECTOR OF FINANCE SECTOR IN IDX 2018-2021

This is truly my own work and is not a plagiarism from someone else's thesis other.

If later my statement is not true, then I am willing to accept sanctions applicable academics.

Thus, I make this statement truthfully so that it can be used if needed.

This statement I made in truth.

With this statement I make truthfully so that it can be used when needed:

Surabaya, 20 AGUSTUS 2022

Statement Maker

PRO PATRIA

(ABDULRAMAN MUBARAK SALEM ALKHADAID)

01218146

### SUPERVISOR APPROVAL SHEET

THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO, RETURN
OF ASSET RATIO AND TOTAL ASSET TURN OVER TO WORKING
CAPITAL TO TOTAL ASSET IN BANKING SUBSECTOR OF FINANCE
PERIOD: SECTOR IN IDX 2018-2021

#### SUBMITTED BY:

NAME: ABDULRAMAN MUBARAK SALEM ALKHADAID
01218146

It has been approved for seminar in the proposal session

SUPERVISOR,

(Dr. AGUS SUKOCO, ST.,MM.)

DATE: 8 September, 2022

PRO PATRIA

HEAD OF MANAGEMENT STUDY

PROGRAM.

(I Putu Artaya SE., MM.)

DATE: 8 September, 2022

iii

## THESIS APPROVAL PAGE

# TESTED AND MAINTAINED ON SATURDAY, AUGUST 20, 2022

Thesis Title/Scientific work/final Project THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO, RETURN OF ASSET RATIO AND TOTAL ASSET TURN OVER TO WORKING CAPITAL TO TOTAL ASSET IN BANKING SUBSECTOR OF FINANCE SECTOR IN IDX 2018- 2021

Name

ABDULRAMAN MUBARAK SALEM ALKHADAID

NIM

01218146

Faculty

Economic and Business

Study program

Management

Examiner:

1. Chief ANI WULANDARI, SS., MM

1. Secretary ELOK DAMAYANTI, SE., MM

2. Member Dr. AGUS SUKOCO, ST., MM

# PUBLICATION STATEMENT APPROVAL PAGE FINAL PROJECT FOR ACADEMIC INTEREST

As an academic community of Narotama University Surabaya, I, the undersigned, this:

Name : ABDULRAMAN MUBARAK SALEM ALKHADAID

NIM : 01218146

Faculty : Economic and Business

Study program : Management

Hereby Declare That The Thesis That I Have Compiled With The Title:

# THE EFFECT OF CURRENT RATIO, DEBT TO ASSET RATIO, RETURN OF ASSET RATIO AND TOTAL ASSET TURN OVER TO WORKING CAPITAL TO TOTAL ASSET IN BANKING SUBSECTOR OF FINANCE SECTOR IN IDX 2018-2021 PERIOD

For the sake of scientific development, agree to give to the University Narotama Non-exclusive Royalty Free Right Along with existing devices (if needed). With this Non-exclusive royalty free rights

Narotama University reserves the right to store, transfer media, format, and manage in the form of database (database), maintain, and publish my final project as long as it remains include ALKHADAID as the author of the creator and as the owner of the Copyright.

This statement I made in truth. PRO PATRIA

Surabaya, 20 AGUSTUS 2022

(ABDULRAMAN MUBARAK SALEM ALKHADAID)

3AKX064132328

#### **FOREWORD**

Alhamdulillah, Praise and Gratitude is extended to the presence of Allah SWT, because of the mercy and grace that Allah has given, I was able to complete the preparation of the thesis entitled

This thesis proposal is submitted to fulfill and complete one of the graduation requirements in achieving a bachelor's degree (S-1) Faculty of Economics and Business, Narotama University.

In preparing this thesis proposal, I realize that the success and implementation of this research is not an individual success. Therefore, I would like to express my sincere gratitude to all parties who have provided assistance, encouragement, and prayers so that this thesis can be completed properly. My thanks go to:

- 1. My parents Mr. Mubarak and Mrs. Manal who always give me prayers, blessings, support, and love which means a lot to me.
- 2. My wife Mrs. Safa who generally gives me supplications, gifts, backing, and love which means a great lots to me.
- 3. My brothers and my sisters who generally give me prayers, gifts, and love which implies a ton
- 4. Mr. Dr. Ir. Sri Wiwoho Mudjanarko ST., MT., IPM. as Chancellor of Narotama University Surabaya.
- 5. Mr. Dr.Rusdianto Sesung, SH.,MH. as the Dean of the Faculty of Law, Economics and Education, Narotama University, Surabaya.
- 6. Mr.I Putu Artaya, SE., MM. as the Head of the University Surabaya.

  Management Study Program at Narotama University Surabaya.
- 7. Mr. Agus Sukoco, ST., MM as a supervisor who has sacrificed time, energy, thoughts to guide and provide advice in completing this thesis proposal.
- 8. Mrs. Ani Wulandari, S.S., M.M. as a lecturer who has taken the time, energy, thoughts to guide and provide guidance and advice which means a lot to me.
- 9. Mr / Mrs lecturers, staff, employees at Narotama University Surabaya, who have helped me a lot in completing my thesis proposal.
- 10. My friends: BAHBRY, Abdullah and Ebrahim who have given encouragement and encouragement in the process of completing this thesis.
- 11. Colleagues of Management Study Program at Narotama University Class of 2018 who also provided advice and support that helped me in completing my thesis proposal.
- 12. All parties who cannot be mentioned one by one, who have provided assistance to me in the process of compiling a thesis proposal.

Finally, may Allah SWT always bestow His grace and gifts to repay the kindness of all those who have helped me so far. Hopefully this thesis is useful for all parties.

Surabaya, 20 AGUSTUS 2022

# **Table of Contents**

FOREWORDv	
Table of Contentsvi	
LIST OF TABLESviii	
LIST OF FIGURESix	
ABSTRACTx	
CHAPTER 111	
INTRODUCTION11	
I.1 Background	11
1.2 Statement of the Problem	12
1.3 Research purposes	13
1.4 Benefits of research	13
1.5 Research Limitation	14
CHAPTER II15	
LITERATURE REVIEW15	
.Previous Research 2.1	15
2.2.1 IDX Indonesian	
2.3 Theoretical Framework	43
1 .Signaling Theory	
2.3.1 Current Ratio	
2.3.2 Return on Assets (ROA)	
2.3.3 Debt to Assets Ratio (DAR)	
2.3.4 Total Asset Turnover (TATO)	
2.3.5 Working capital to total assets (WCTA)	
2.4. Research Concept Framework	49
2.5. Research Hypothesis PRO PATRIA	50
2.5.1 The Effect Current Ratio on Working capital to total assets	
2.5.2 The Effect Return on Assets on Working capital to total assets	
2.5.3 The Effect Debt to Assets Ratio on Working capital to total assets	
2.5.4 The Effect Total Asset Turnover on Working capital to total assets	
2.5.5 The Effect Current Ratio, Debt to Asset, Total Asset Turnover and Return of	n Asset
Simultaneously on Working capital to total assets	52
CHAPTER III	
RESEARCH METHODOLOGY	
3.1. Research Approach	
3.2. Research Strategy	
3.3. Object of research	
3.4. Population and Sample	
3.5. Types, Sources, and Techniques of Data Collection	
3.5.1. Data Type	
3.5.2. Data source	
3.5.3. Data collection technique	57

3.6. Operational definition of Research	57	1
1. Current Ratio(X1)	57	,
2. Return on Assets (ROA) (X2)	57	,
3. Debt to Assets Ratio (DAR) (X3)	57	,
4. Total Asset Turnover (TATO) (X4)	58	,
5. Working capital to total assets (WCTA) (Y)	58	)
3.7 Data Analysis Techniques	59	)
3.7.1 Classical Assumption Test	59	)
1. Normality Test	59	)
2. Multicollinearity Test	59	)
3. Heteroscedasticity Test	59	)
4. Autocorrelation Test	59	)
3.7.2 Multiple linear regression		
3.7.3 Hypothesis testing	61	
1. Partial Test (t Test)		
2. Simultaneous Test (F Test)	61	
3. Coefficient of Determination (R^2)	62	)
CHAPTER IV.		
RESEARCH RESULTS AND DISCUSSION		
4.2. Description of Research Results	63	;
4.2.1. Classic assumption test	63	;
4.2.1. <mark>1. Normality test</mark>	63	,
4.2.1. <mark>2. Multicollinearity</mark> Test		
4.2.1.3 <mark>. H</mark> eteroscedasticity Test	64	Ļ
4.2.1.4 Autocorrelation Test	64	ļ
4.2.2. Multiple Linear Regression Analysis (After Outlier and Ln Transform)	<mark></mark> 65	,
1. Simultaneous Influence Test	65	,
2. Coefficient of Determination Value	66	)
3. Partial Influence Test	66	)
4.3. Discussion	67	,
CHAPTER V		
CONCLUSIONS AND RECOMMENDATIONS	70	
5.1 .Conclusion	70	)
5.2 Suggestion	70	)
References	71	

# LIST OF TABLES

Table 1 Previous Research on International Journals	19
Table 2 Previous Research on National Journals	30
Table 3 List of Financial Sector Companies of Banking Sub-Sector	54
Table 4 Kolmogorov-Smirnov . Test Results	63
Table 5 Multicollinearity Test Results	64
Table 6 Heteroscedasticity Test Results	64
Table 7 Breusch-Godfrey Test (LM Test)	65
Table 8 F: Test Results	65
Table 9 Model Test Results Summary	66
Table 10 t test results	67





### **ABSTRACT**

The study is aimed to analyze The Effect Of Current Ratio, Debt To Asset Ratio, Return Of Asset Ratio And Total Asset Turn Over To Working Capital To Total Asset In Banking Subsector Of Finance Sector In Idx 2018-2021. The population: of this study is all banking sub-sector in The Financial Sector includes listed on the IDX from 2018 to 2021, totaling 46 companies. The sample that was determined based on the purposive sampling method was 46 companies. The data analysis technique used is multiple linear regression analysis using the SPSS program. The results showed that the Current Ratio has a partial effect on Working Capital to Total Assets. The Return on Assets has a partial effect on Working Capital to Total Assets. The Debt to Assets Ratio has no partial effect on Working Capital to Total Assets. The Total Assets Turnover has no partial effect on Working Capital to Total Assets.

Keyword: Current Ratio, Return on Assets, Debt to Assets Ratio, Total Asset Turnover, Working Capital to Total Assets

