

# The Impact of Current Ratio, Inventory Turnover, on Return on Assets In Listed Mining Sector Companies on IDX In 2019-2022

Novi Dwi Putri <sup>1</sup>

Miftah Alfarid Fathurahman <sup>2</sup>

Astri Hartianti <sup>3</sup>

Erwin Budianto<sup>4</sup>

Universitas Swadaya Gunung Jati Cirebon, Indonesia<sup>1,2,3,4</sup>

Email: noviiidwiptr29@gmail.com, miftahalfarid22@gmail.com,

hartiantiastri@gmail.com, erwinbudianto@ugj.ac.id

\*Correspondence: erwinbudianto@ugj.ac.id

**ABSTRACT:** The mining sector in Indonesia is one of the fastest growing sectors and contributes significantly to the national economy. One of the important financial performance indicators for mining companies is Return On Assets (ROA). This study aims to analyze the effect of Current Ratio and Inventory Turnover on ROA in mining sector companies listed on the Indonesia Stock Exchange in 2019-2022. This research uses secondary data obtained from the financial statements of mining companies listed on the Indonesia Stock Exchange for 2019-2022. The data analysis technique used is multiple linear regression. The results showed that Current Ratio did not have a significant influence on ROA, while Inventory Turnover had a positive and significant influence on ROA. This means that the higher the Inventory Turnover, the higher the company's ROA. This study found that Inventory Turnover is a factor that affects ROA in mining sector companies listed on the Indonesia Stock Exchange in 2019-2022. Therefore, mining companies need to improve the efficiency of their inventory management to increase ROA.

**Keywords:** current ratio, inventory turnover, return on asset, IDX

## INTRODUCTION

In Indonesia there are many types of business sectors that are growing rapidly, for example in the technology sector, manufacturing sector, mining sector and others. Indonesia is a country that produces abundant natural resources, therefore the mining sector is one of the rapidly growing business advances, it can be calculated through the development of the business of the produce sector, namely the mining

sector (Salistia et al., 2019). The rapid development of infrastructure can make it easier for entrepreneurs to compete competitively between countries. The mining sector in Indonesia has several subsectors, namely the coal subsector, the crude oil and gas subsector, the metal and mineral subsector, the soil and quarry subsector. In the last 5 years, the largest user customer in Indonesia is power plants. Since 2005 Indonesian coal companies are one of the largest

exporters and producers of coal in the world that has surpassed Australian production (Ghozali, 2016). Coal is one of the important roles not only for generating electricity, but also as the main fuel for cement production, paper mills, alumina processing centers, steel production, chemical industry, and pharmaceuticals. In addition, there are coal by-products, namely, aspirin, solvents, soaps, dyes, fibers, and plastics (Agustiana et al., 2022).

In general, a company established aims to obtain profits or profits in terms of the company's financial performance conditions. Profit is the result obtained by the company or the activities carried out by the company in a certain period. With the profit obtained, the company gets costs in efforts to develop and implement company activities (Hery, 2015). Although profit is one of the important things, but not always profit can be reliable by the company. This is due to certain conditions experienced by the company, such as the company experiencing losses or activity levels, productivity and potential companies not reaching targets. To know that company

Have potential or good performance in the financial field, one of which is seen from the financial condition in a company (Anggriani, 2024). For consumers, investors or shareholders, information on the company's financial performance is very important to know how the company is feasible or not for them to buy the company's products or maintain their shares in the company (Marsella & Priyanto, 2022). If the financial performance of a company is good, the business value will increase, and if the business value is high, consumers and

investors will maintain their shares, there will be an increase in stock price. Some of the benefits of financial performance for companies are as a means of measuring work results or achievements that have been achieved by the company within a certain period of time can show the level of success in the implementation of activities in a company, besides the benefits of company performance to assess a contribution in the achievement of company goals, and can help to determine the company's strategy for the future (Luthfiah & Utami, 2022).

Coal issuer, PT Bumi Resources Tbk (BUMI) posted a disappointing financial performance in the first quarter of 2019. The reason is, the company's net profit decreased by almost half (46.27% YoY) from the achievement of the same period last year. When viewed at the sales post, the most significant weakening was local coal sales which fell 28.22% YoY to only US \$ 130.45 million. Export coal sales also corrected 19.91%, but for the company's consulting services line, it actually rose 52.79% YoY. In addition, although the cost of goods sold decreased by 17.78% on an annual basis to US \$ 165.65 million, the proportion of total sales actually increased. In the first quarter of 2019, the proportion of cost of goods sold reached 70.74% from 64.89% in the first quarter of last year. This increase in proportion succeeded in suppressing the company's gross profit to a decrease of 37.16% YoY. So automatically, the company's net profit is getting depressed. (www.cnbcindonesia.com, 2019)

BUMI's financial performance was further exacerbated by the decline in financial income and profit from joint

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venture entities which fell by 79.27% YoY and 61.81% YoY, respectively. There are several factors causing the decline in the company's net profit this year, namely the decline in total sales, the high proportion of cost of revenue, the correction of financial income, and the

low profit of joint venture entities. BUMI's total sales throughout the first quarter of this year decreased by 24.58% on an annual basis to US \$ 234.16 million compared to the same period last year of US \$ 310.47 million. (www.cnbcindonesia.com, 2019).

NO	CODE	IPO DATE	PROFIT AND LOSS EARNED BY THE COMPANY			
			2019	2020	2021	2022
1	ABMM	06 Des 2011	\$ 3.893	\$ (37.740)	\$ 186.183	\$341.903
2	ADMR	03 Jan 2022	-	\$ (28.552)	\$ 156.711	\$ 335.738
3	ADRO	16 Jul 2008	\$ 435.002	\$ 158.505	\$ 1.028.593	\$ 2.831.123
4	AIMS	20 Jul 2001	Rp. (697.155)	Rp. (863.063)	Rp. 2.614.731	Rp. 189.924
5	AKRA	03 Okt 1994	Rp. 703.077.279	Rp. 961.997.313	Rp. 1.135.001.756	Rp. 2.479.059.157
6	APEX	05 Jun 2013	\$ 20.356	\$ 44.509	\$ 3.656.487	\$ (64.740)
7	ARII	08 Nov 2011	\$ (5.537)	\$ (16.405)	\$ 918	\$ 26.075
8	ARTI	30 Apr 2003	Rp. (991.984.266)	Rp. (956.820.336)	Rp. (134.182.756)	Rp. (57.679.374)
9	BBRM	09 Jan 2013	\$(4.482)	\$(11.172)	\$ 673	\$ 692
10	BESS	09 Mar 2020	9.946.844	51.194.844	Rp. 112.465.300	Rp. 55.922.236
11	BIPI	11 Feb 2010	\$ 27.436	\$ 27.045	\$ 21.892	\$ 14.370
12	BOSS	15 Feb 2018	Rp. 2.747.135	RP. (106.288.690)	Rp. (165.364.572)	Rp. 39.028.053
13	BSML	16 Des 2021	-	Rp. 428.554	Rp. 4.376.214	Rp. 16.021.015
14	BSSR	08 Nov 2012	\$ 30.467	\$ 30.520	\$ 205.164	\$ 239.896
15	BULL	23 Mei 2011	\$ 21.214	\$ 37.761	\$(230.918)	\$(43.384)
16	BUMI	30 Jul 1990	\$ 9.470	\$(337.350)	\$ 223.377	\$ 556.664
17	BYAN	12 Agt 2008	\$ 234.211	\$ 344.459	\$ 1.265.957	\$ 2.301.605
18	CANI	16 Jan 2014	-	\$(5.629)	\$(1.861)	\$(1.928)
19	CBRE	09 Jan 2023	-	-	Rp. 2.755.264	Rp. 7.498.789
20	CNKO	20 Nov 2001	Rp. 116.487.959	Rp. (266.991.306)	Rp. (75.252.935)	Rp. (59.452.458)
21	COAL	07 Sep 2022	-	-	Rp. 27.322.987	90.897.281
22	CUAN	08 Mar 2023	-	-	-	-
23	DEWA	26 Sep 2007	\$ 3.773	\$ 1.647	\$ 1.092	\$(16.724)
24	DOID	15 Jun 2001	\$ 20.480	\$(23.436)	\$ 280	\$ 28.638
25	DSSA	10 Des 2009	\$ 71.654	\$(57.897)	\$ 265.337	\$ 1.303.531

26	DWGL	13 Des 2017	Rp. (21.666.724)	Rp. 35.565.332	Rp. 94.223.798	Rp. 3.400.158
27	ELSA	06 Feb 2008	Rp. 356.477.000	Rp. 249.085.000	Rp. 108.852.000	Rp. 378.058.000
28	ENRG	07 Jun 2004	\$ 24.527	\$ 58.592	\$ 39.714	\$ 66.736
29	FIRE	09 Jun 2017	Rp. 10.539.422	Rp. 13.810.414	Rp. (45.893.211)	Rp. (94.702.105)
30	GEMS	17 Nov 2011	\$ 66.765	\$ 95.856	\$ 354.024	\$ 695.908
31	GTBO	09 Jul 2009	\$-4.014	\$ -1.210	\$ -214	\$ 7.499
32	GTSI	08 Sep 2021	-	\$ 16.214	\$(16.215)	\$ 5.126
33	HILL	01 Mar 2023	-	-	-	-
34	HITS	15 Des 1997	\$ 13.142	\$ 7.311	\$-12.909	\$ 11.283
35	HRUM	06 Okt 2010	\$ 20.122	\$ 60.292	\$ 98.286	\$ 379.772
36	HUMI	09 Agt 2023	-	-	-	-
37	IATA	13 Sep 2006	\$ (4.972)	\$ (6.411)	\$ (460)	\$ 38.961
38	INDY	11 Jun 2008	\$ 4.992	\$ (103.447)	\$ 63.316	\$ 510.776
39	INPS	06 Apr 2018	Rp (3.884.623)	Rp (17.300.728)	Rp (31.191.934)	Rp (75.303.538)
40	ITMA	10 Des 1990	\$ 11.811	\$ 12.400	\$ 12.256	\$ 30.549
41	ITMG	18 Des 2007	\$ 126.502	\$ 37.828	\$ 475.390	\$ 1.199.345
42	JSKY	28 Mar 2018	Rp 17.348.754	Rp 6.975.576	Rp (72.771.894)	-
43	KKGI	01 Jul 1991	\$ 5.414	\$ (8.668)	\$ 23.003	\$ 39.055
44	KOPI	04 Mei 2015	Rp 6.803.937	Rp 922.972	Rp 1.845.557	Rp 6.939.941
45	LEAD	11 Des 2013	\$ (8.546)	\$ (2.692)	\$ (2.654)	\$ (5.988)
46	MAHA	25 Jul 2023	-	-	-	-
47	MBAP	10 Jul 2014	\$ 35.287	\$ 27.467	\$ 100.566	\$ 179.391
48	MBSS	06 Apr 2011	\$ 1.808	\$ (14.975)	\$ 12.142	\$ 25.585
49	MCOL	07 Sep 2021	-	\$ 42.594	\$ 274.899	\$ 358.305
50	MEDC	12 Okt 1994	\$ (24.950)	\$ (181.153)	\$ 62.600	\$ 551.410
51	MTFN	16 Apr 1990	Rp 11.985.380	Rp (33.853.135)	Rp (6.056.183)	-
52	MYOH	27 Jul 2000	\$ 26.098	\$ 22.533	\$ 26.956	\$ 14.100
53	PGAS	15 Des 2003	\$ 112.981	\$ 215.767	\$ 364.534	\$ 401.342
54	PKPK	11 Jul 2007	Rp (41.489.168)	Rp 25.803	Rp (877.779)	Rp (29.411.413)
55	PSSI	05 Des 2017	\$ 13.288	\$ 8.430	\$ 25.041	\$ 42.332
56	PTBA	23 Des 2002	Rp 4.040.394.000	Rp 2.407.927.000	Rp 8.036.888.000	Rp 12.779.427.000 0
57	PTIS	12 Jul 2011	\$ 220	\$ 3	\$ 123	\$ 536
58	PTRO	21 Mei 1990	\$ 31.324	\$ 32.498	\$ 33.953	\$ 41.166

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59	RAJA	19 Apr 2006	\$ 6.337	\$ 2.523	\$ 3.396	\$ 10.839
60	RGAS	08 Nov 2023	-	-	-	-
61	RIGS	05 Mar 1990	-	\$ 1.252	\$ (4.807)	\$ 2.412
62	RMKE	07 Des 2021	-	Rp 72.639.913	Rp 198.141.305	Rp 404.088.595
63	RMKO	31 Jul 2023	-	-	-	-
64	RUIS	12 Jul 2006	Rp 33.086.271	Rp 27.542.197	Rp 18.335.466	Rp 20.111.351
65	SEMA	10 Jan 2022	-	Rp 2.945.272	Rp 19.564.743	Rp 10.743.559
66	SGER	10 Agt 2020	Rp 20.366.271	Rp 27.725.217	Rp 202.567.973	Rp 590.931.062
67	SHIP	16 Jun 2016	\$ 19.527	\$ 22.845	\$ 20.702	\$ 26.119
68	SICO	08 Apr 2022	-	Rp 4.398.647	Rp 6.072.993	Rp 11.379.392
69	SMMT	01 Des 1997	Rp 6.234.017	Rp (23.386.617)	Rp 249.957.731	Rp 402.880.164
70	SMRU	10 Okt 2011	Rp (187.289.498)	Rp (322.104.973)	Rp (236.630.325)	Rp (18.089.439)
71	SOCI	03 Des 2014	Rp 9.348	Rp 27.278	Rp 5.432	Rp 6.479.445
72	SUGI	19 Jun 2002	-	-	-	-
73	SUNI	09 Jan 2023	-	-	Rp 28.867.136	Rp 72.749.902
74	SURE	05 Okt 2018	Rp 8.617.530	Rp (22.516.517)	Rp (70.508.745)	Rp (81.614.077)
75	TAMU	10 Mei 2017	\$ (10.197)	\$ (929)	\$ (4.427)	\$ (4.872)
76	TCPI	06 Jul 2018	Rp 269.489.000	Rp 57.730.000	Rp 84.578.000	Rp 115.667.000
77	TEBE	18 Nov 2019	Rp 45.954.573	Rp (2.525.004)	Rp 165.614.881	Rp 327.830.339
78	TOBA	06 Jul 2012	\$ 43.745	\$ 35.803	\$ 65.607	\$ 93.885
79	TPMA	20 Feb 2013	\$ 8.239	\$ 2.085	\$ 3.959	\$ 14.296
80	TRAM	10 Sep 2008	Rp (2.866.218.362)	Rp (1.113.676.169)	-	-
81	UNIQ	08 Mar 2021	Rp 17.433.143	Rp (1.990.358)	Rp (9.467.559)	Rp 22.935.664
82	WINS	29 Nov 2010	\$ (16.842)	\$ (14.933)	\$ 130	\$ 861
83	WOWS	08 Nov 2019	Rp 17.056.865	Rp 1.432.816	Rp (33.855.579)	Rp (27.661.790)

Source : [www.idx.co.id](http://www.idx.co.id) (Financial Statement)

So from table 1, it can be seen that there are 83 data on net profit of mining sector companies. So from the data above, it can be seen that the company's net profit from 2019-2022 has fluctuated. In the company, SOCI experienced a decline in profit for 3

consecutive years, in 2020 SOCI achieved a profit of 27,278,762, then in 2021 recorded a decrease in profit by 19.9% to 5,432,377, and in 2022 experienced a slight increase of 19% from 2021 to 6,479,445. Followed by WOWS in 2020 obtained a profit of

1,432,816,106 and suffered a loss for 2 consecutive years, in 2021 it made a loss of (33,855,579,284) and in 2022 it was (27,661,790,752). So if a company experiences a decrease in profits or an increase in profits, it will also have an impact on investors in decision making (Cahyani & Kosasih, 2020).

The ratio most often used to see the liquidity of a company is the current ratio, a low current ratio is usually considered to indicate a problem in liquidity. Conversely, a company whose current ratio is too high is also not good, because it shows the number of idle funds which in turn can reduce the company's ability to earn profits. A high current ratio can be caused by poor trading conditions or poor management. Current ratio is a comparison between current assets and current debt. Current Ratio is one of the liquidity ratios used as a calculation indicator in this study (Rahayu, 2018).

Another factor used is the company's activity ratio focused on effectiveness in managing inventory and receivables. Inventory is an item that is held for sale or for subsequent processing for sale. Inventory is needed to be able to carry out the production process, sales smoothly, inventory of raw materials and goods in process is needed to ensure the smooth running of the production process, while finished goods must always be available as stock to enable the company to meet the demand that arises (E. Rahmawati, 2018). Receivables are one element of current assets in a company's balance sheet arising from the sale of goods and services or the provision of credit to debtors. Inventory Turnover (ITO) is a comparison between net sales and average merchandise inventory. The

higher the supply turnover rate, the higher the level of production and sales so that it runs optimally. Conversely, if the supply turnover is low, the level of production and sales is low and will affect ROA.

ROA shows the company's ability to use all its assets to generate net profit after tax. The greater the ROA generated, the more efficient the use of company assets or in other words with the same amount of assets can be generated greater profits, and vice versa. If Return On Assets (ROA) decreases, it is suspected that there will be a decrease in net profit after tax and also a decrease in total assets in the company. So that the profit generated by the company decreases (Zahara & Zannati, 2018). This proves that companies that experience data instability and a comparison of a company's profits that are smaller than the total assets generated indicate that the company has not been able to manage its assets correctly and effectively.

Based on the analysis conducted by (Nanda, 2020) that the results show that the Current Ratio has a negative and insignificant effect on Return on Asset (ROA). The value of the negative coefficient indicates a relationship in the opposite direction i.e. if the Current Ratio increases, then the Return on Assets (ROA) decreases. According to (Sidati & Tania, 2021), it can be concluded that the Inventory turnover variable does not have a partial effect on Return on Asset (ROA). It is

indicates that changes in the company's Inventory Turnover (ITO) ratio do not have a significant effect on Return on Assets (ROA). Meanwhile, according to the results of the analysis (Rivaldy et al., 2022) Based on this study,

it can be seen that Inventory Turnover (ITO) does not have a partial effect on Return On Asset (ROA). This shows that the ups and downs of Inventory Turnover will not affect the value of Return On Assets (ROA) because the company is still not good at managing its inventory so that it still cannot generate optimal profits.

Based on the explanation of the phenomena and problems above, it is hoped that this research can provide useful information for interested parties. Where the study aims to analyze the "Impact of Current Ratio, Inventory Turnover, on Profitability in Mining Sector Companies Listed on the IDX in 2019-2022".

### RESEARCH METHOD

The research approach used in this study is an associative approach. According to (Maryati & Suryawati, 2013) associative research is research that explains the relationship between two or more variables, but does not prove which variables are the cause and which are the consequences. While the type of research used is quantitative

research, according to (Hamdi, 2015) which is research that emphasizes objective phenomena that are studied quantitatively. This research was conducted using numbers, statistical management, structure and controlled experiments. This study was conducted to determine the effect of Current Ratio and Inventory Turnover on Profitability in Mining Sector Companies listed on the Indonesia Stock Exchange in 2019-2022.

### RESULT AND DISCUSSION

#### Research Data

The data in this study comes from secondary data from mining sector companies sourced from the Indonesia Stock Exchange (IDX). Of the 83 mining sector companies that were used as the study population, there were only 13 companies that met the sampling criteria in the Purposive sampling method. Where in this study there is Return On Assets (Y) measured by Current Ratio (X1) and Inventory Turnover (X2) in mining sector companies listed on the Indonesia Stock Exchange (IDX).

**Table 1 Company Sample**

No	Code	Company Name
1	ADRO	Adaro Energy Indonesia Tbk.
2	BIPI	Astrindo Nusantara Infrastrukt
3	ENRG	Energi Mega Persada Tbk.
4	ITMA	Sumber Energi Andalan Tbk.
5	ITMG	Indo Tambangraya Megah Tbk.
6	MBAP	Mitrabara Adiperdana Tbk.
7	MYOH	Samindo Resources Tbk.
8	PSSI	IMC Pelita Logistik Tbk.
9	PTIS	Indo Straits Tbk.
10	RAJA	Rukun Raharja Tbk.
11	SHIP	Sillo Maritime Perdana Tbk.
12	TOBA	TBS Energi Utama Tbk.
13	TPMA	Trans Power Marine Tbk.

Source : www.idx.id, secondary data processed 2023

**Return On Assets (ROA)**

Return On Assets (ROA) which is the dependent variable in this study is calculated by comparing profit after tax and total assets. Next

The results of the ROA calculation on mining sector companies listed on the IDX for 2019-2022 can be seen in table 2 as follows:

**Table 2 Return On Assets (ROA) Calculation Data)**

No	Kode	2019	2020	2021	2022
1	ADRO	0,060	0,024	0,135	0,262
2	BIPI	0,021	0,020	0,022	0,012
3	ENRG	0,036	0,069	0,381	0,055
4	ITMA	0,061	0,077	0,066	0,139
5	ITMG	0,104	0,032	0,285	0,454
6	MBAP	0,183	0,150	0,390	0,585
7	MYOH	0,162	0,149	0,164	0,083
8	PSSI	0,092	0,057	0,155	0,236
9	PTIS	0,006	1,128	0,003	0,012
10	RAJA	0,035	0,015	0,013	0,041
11	SHIP	0,081	0,077	0,063	0,068
12	TOBA	0,068	0,046	0,076	0,104
13	TPMA	0,073	0,020	0,039	0,133

Source: www.idx.com, data processed 2023

**Current Ratio**

Current Ratio is an independent variable in this study calculated by comparing current assets and current debt. The following results of the

calculation of the Current Ratio for mining sector companies listed on the IDX for 2019-2022 can be seen in table 3 as follows:

**Table 3 Current Ratio Calculation Data**

No	Code	2019	2020	2021	2022
1	ADRO	1,711	1,512	2,084	2,173
2	BIPI	1,167	0,380	0,483	0,717
3	ENRG	0,351	0,368	0,554	0,533
4	ITMA	1,011	1,052	0,339	0,203
5	ITMG	2,012	2,025	2,708	3,259
6	MBAP	3,603	3,744	3,977	5,357
7	MYOH	3,284	6,308	6,716	7,875
8	PSSI	0,679	1,094	1,571	2,219

Source: www.idx.com, data processed 2023

**Inventory Turnover (ITO)**

Inventory Turnover (ITO) is an independent variable in this study calculated by comparing sales and

inventory. The following ITO calculation results for mining companies listed on the IDX for 2019-2022 can be seen in table 4 as follows:



**Table 4 Inventory Turnover (ITO) Calculation Data**

No	Code	2019	2020	2021	2022
1	ADRO	28,56	24,11	31,75	40,67
2	BIPI	14,94	21,10	32,45	11,51
3	ENRG	10,34	9,97	10,68	12,33
4	ITMA	25,54	16,81	27,10	21,08
5	ITMG	16,72	19,68	33,25	37,84
6	MBAP	22,90	15,37	26,66	15,01
7	MYOH	12,00	8,36	8,54	8,47
8	PSSI	28,83	25,05	28,92	29,97
9	PTIS	93,95	92,58	54,97	126,4
10	RAJA	76,86	31,25	19,91	16,81
11	SHIP	29,03	22,00	24,56	23,81
12	TOBA	12,11	13,89	32,64	27,14
13	TPMA	114,9	127,2	59,00	69,12

Source : [www.idx.com](http://www.idx.com), data processed 2023

#### Descriptive Statistical Analysis

The descriptive statistical analysis used in this study explains that the data identified with the mean, maximum, minimum, and standard deviation values

of each variable are Current Ratio (X1), Inventory Turnover (X2) and Return On Assets (Y). Regarding the results of descriptive statistical tests can be seen in the following table:

**Table 5 Results of Descriptive Statistical Analysis**

	N	Minimum	Maximum	Mean	Std. Deviation
<b>Current Ratio</b>	52	.203	7.875	2.07760	1.719918
<b>Inventory Turnover</b>	52	8.36	127.20	33.5508	29.59065
<b>Return on Asset</b>	52	.00	1.13	.1312	.18542
<b>Valid N (listwise)</b>	52				

Source: SPSS 27 output result, Processed secondary data

Based on the results of the Descriptive Statistical Test, we can describe the distribution of data obtained by researchers is:

1. Mining sector companies with a sample number of 52, the *Current Ratio* variable shows that the minimum value is 0.203 while the maximum value is 7.875, the mean value is 2.07760 and the standard deviation is 1.719918. Where it can

be known that the standard deviation value is smaller than the average value, meaning that the *Current Ratio* has a low level of data variation so that the distribution of values is even.

2. Mining sector companies with a sample number of 52, in the variable *Inventory Turnover* (ITO) showed that the minimum value was 8.36 while the maximum value was 127.20, the

mean value was 33.5508 and the standard deviation was 29.59065. Where it can be known that the standard deviation value is smaller than the average value, meaning that ITO has a low level of data variation so that the distribution of values is even.

3. Mining sector companies with a sample number of 52, the *variable Return On Asset (ROA)* shows that the minimum value is 0.00 while the maximum value is 1.128, the mean value is 0.13119 and the standard deviation is 0.185424. Where it can be known that the standard deviation value is smaller than the average value, meaning that ROA has a low level of data variation so that the distribution of values is even.

**Classical Assumption Test**

The Classical Assumption Test is a test that analyzes a linear regression

model whether there is a problem or not. The classical assumption aims to

Get an effective and unbiased check value from one multiple regression equation with the least squares method.

**Normality Test**

The normality test used in this study to assess the normal distribution of residual variables is done to compare regression models. To find out a residual that is normally distributed or not so it is necessary to do a normality test. The normality test was also performed with a non-parametric Kolmogorov-Smirnov (K-S) statistical test by looking at the Adym value. Sig (2-tailed). If the significance value < 0.05, it indicates that the data is not normally distributed. If the significance value > 0.05 indicates that the data is normally distributed.

**Table 6 Normality Test Results Before Outliers**

N		52	
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	.17791674	
Most Extreme Differences	Absolute	.274	
	Positive	.274	
	Negative	-.155	
Test Statistic		.274	
Asymp. Sig. (2-tailed) <sup>c</sup>		.000	
Monte Carlo Sig. (2-tailed) <sup>d</sup>	Sig.	.000	
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: SPSS 27 output result, Processed secondary data

Based on the normality test image with the Kolmogorov-Smirnov One-Sample method with the variables Current Ratio, Inventory Turnover, and

Return On Assets showing the value of Asym. Sig (2-tailed) of 0.000. This means that the data is not normally distributed because it is less than 0.05. Therefore

the data will be transformed into the form of Natural Logarithms (LN). Regarding the results of normality test

treatment in this study can be seen in the following table:

**Table 7 Normality Test Results After Outliers**

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual	
N		37	
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	.86166136	
Most Extreme Differences	Absolute	.117	
	Positive	.071	
	Negative	-.117	
Test Statistic		.117	
Asymp. Sig. (2-tailed) <sup>c</sup>		.200 <sup>d</sup>	
Monte Carlo Sig. (2-tailed) <sup>e</sup>	Sig.	.209	
	99% Confidence Interval	Lower Bound	.199
		Upper Bound	.220

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 92208573.

**Source: SPSS 27 output result, Processed secondary data**

Based on the results of the normality test that has been transformed shown above, it can be seen from the Kolmogorov-Smirnov column that the significance value of the variables Current Ratio, Inventory Turnover and Return On Assets shows the value of Asym. Sig (2-tailed) of 0.200. This means that the data is normally distributed because it is more than 0.05.

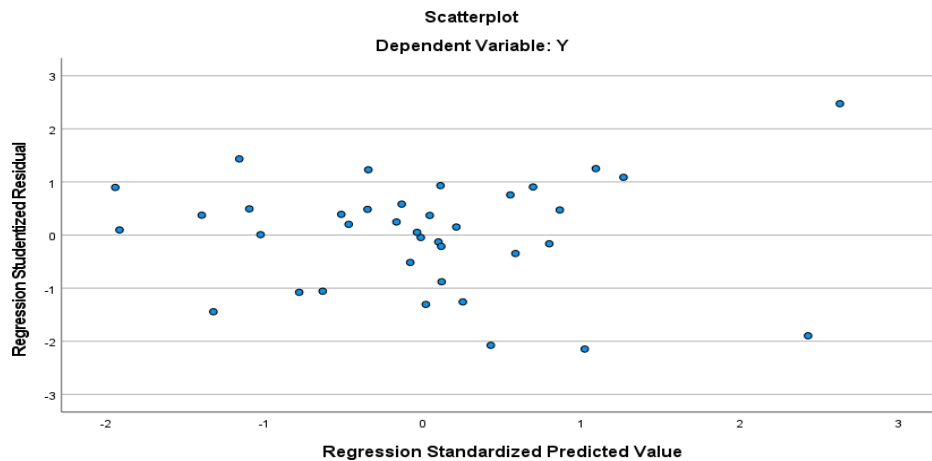
**Heteroscedasticity Test**

The heteroscedasticity test aims to test whether there is a discrepancy between variances from the residuals of

one observation to another in the regression model. In this study using the Scatterplot method, the basis for decision making in the Scatterplot test is used to determine the presence or absence of heteroscedasticity as follows:

- 1.The data points spread above and below or around the number 0.
- 2.The spread of dots should not form a regular pattern, wavy, spread and then narrow and spread back

Regarding the results of the heteroscedasticity test in this study can be seen in the following figure:



**Figure 1 Heteroscedasticity Test Results with Scatterplot Test**

**Source: SPSS 27 output result, Processed secondary data**

Based on the results of the Scatterplot test above shows that the points form a scatter pattern randomly and the points spread above or below the number 0 and the Y axis, it shows that there are no symptoms of heteroscedasticity in the regression model.

**Multicollinearity Test**

This multicollinearity test aims to test whether the regression model finds a correlation between independent variables, where good regression should

not occur high correlation between independent variables. In this study using the Tolerance & Vif method, where the test criteria in this method are if the Tolerance value > 0.100 and VIF < 10.00, meaning data

there are no symptoms of multicollinearity, while if the value of Tolerance < 0.100 and VIF > 10.00 it means that the data occurs symptoms of multicollinearity. Regarding the results of the multicollinearity test in this study can be seen in the following table:

**Table 8 Multicollinearity Test Results**

Model	Unstandardized Coefficients	Standardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Beta	Tolerance
1	(Constant)	-.105	.048				
	Current Ratio	.016	.016	.124	1.000	.324	1.010
	Inventory Turnover	.007	.001	.669	5.377	.000	.990

a. Dependent Variable: Return On Asset

Source: SPSS 27 output result, Processed secondary data

Based on the results of the multicollinearity test using the Tolerance & VIF method, the Current Ratio and Inventory Turnover variables have a Tolerance value of 0.990 and a VIF value of 1.010. From these results, it can be

concluded that the data on the variables Current Ratio and Inventory Turnover do not have symptoms of multicollinearity because the Tolerance value > 0.1 and the VIF value < 10.

**Autokorelasi Test**

This autocorrelation test is used to determine whether there is a correlation between correlation data. In testing the assumption of autocorrelation can be

done using the Durbin-Watson test. Regarding the results of the autocorrelation test in this study can be seen in the following table:

**Table 9 Autocorrelation Test Results Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.692a	.479	.449	.136324	2.328

**Source: SPSS 27 output result, Processed secondary data**

Based on the results of the autocorrelation test on the Durbin-Watson method, the Durbin-Watson value is 2.328. Judging from the Durbin-Watson table, namely  $k = 2$  and  $n = 37$ , the value of  $dU = 1.5904$ . The condition for no autocorrelation is the value of  $DW > DU$  and  $DW < 4 - DU$  then:

$$DW > DU = 2.328 > 1.5904$$

$$DW < 4 - DU = 2.328 < 4 - 1.5904 = 2.328 < 2.4096$$

From these results, it can be concluded that the data does not contain symptoms of autocorrelation.

**Multiple Linear Regression Test**

Multiple Regression Analysis aims to determine whether there is a relationship between the independent variable and the dependent variable. This analysis can show the positive direction and negative direction of the relationship of the independent variable and the dependent variable.

**Table 10 Multiple Linear Regression Test Results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.105	.048		-2.200	.035
	Current Ratio	.016	.016	.124	1.000	.324
	Inventory Turnover	.007	.001	.669	5.377	.000

a. Dependent Variable: Return On Asset

Source: SPSS 27 output result, Processed secondary data

Based on the table, the regression equation is as follows:

$$ROA = -0,105 + 0,016 CR + 0,007 ITO + e$$

Based on the regression equation above, it can be concluded as follows:

1. Constant value of -0.105, this number shows a constant number that if the variable Current Ratio and Inventory Turnover (ITO) value 0 then

the variable Return On Asset (ROA) is -0.105.

2. The value of the coefficient of the Current Ratio variable is positive which is 0.016, this shows that every addition of 1% then the variable

Return On Asset (ROA) will increase by 0.016 (1.6%).

- The value of the variable coefficient of Inventory Turnover (ITO) is positive at 0.007, this shows that every addition of 1%, the variable Return On Asset (ROA) will increase by 0.007 (0.7%).

**Uji Hipotesis**

**Partial Test (T Test)**

The T test or partial test is a test carried out to find out how the influence

of each independent variable itself on the dependent variable, the decision-making criteria in this T test where if the value of t is calculated > t table then there is an influence between the independent variable and dependent or Ha is accepted, and if t count < t table then there is no influence between the independent and dependent variables or Ho is accepted. Regarding the partial test results in this study can be seen in the following table:

**Table 11 Partial Test Results**

Unstandardized Coefficients			Standardized Coefficients	t	Sig.	
Model	B	Std. Error	Beta			
1	(Constant)	-.105	.048		-2.200	.035
	Current Ratio	.016	.016	.124	1.000	.324
	Inventory Turnover	.007	.001	.669	5.377	.000

- Dependent Variable: Return On Asset

Source: SPSS 27 output result, Processed secondary data

Based on the results of the partial test above, it can be known that the variable Current Ratio has a calculated t value of 1,000 < t table 1.691, it can be concluded that the Current Ratio has no effect on Return On Assets (ROA) or Ho is accepted. As for the variable Inventory Turnover (ITO) of 5.377 > t table 1.691, the Inventory Turnover (ITO) affects Return On Asset (ROA) or Ha received.

**Simultaneous Test (Test F)**

The F test or anova test is a test used to describe the influence of independent variables together on the

dependent variable, and can test whether or not the regression mode is significant. The decision-making criteria in the F test can be done by comparing the calculated F value with the F table. Where if F counts > F table then ho is rejected and ha is accepted (there is simultaneous influence) and if F counts < F table then ho is accepted and ha is rejected (there is no simultaneous influence). Regarding the results of simultaneous tests in this study can be seen in the following table:

**Table 12 Simultaneous Test Results**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.582	2	.291	15.656	.000 <sup>b</sup>
	Residual	.632	34	.019		
	Total	1.214	36			

- Dependent Variable: Return On Asset

- Predictors: (Constant), Inventory Turnover, Current Ratio

Source: SPSS 27 output result, Processed secondary data

**1971 | The Impact of Current Ratio, Inventory Turnover, on Return on Assets In Listed Mining Sector Companies on IDX In 2019-2022**

Based on the results of the simultaneous test, it is known that the calculated f value is 15.656

> F table 3.295, it can be concluded that  $H_a$  is accepted and  $H_o$  is rejected, which means that Current Ratio and Inventory Turnover (ITO) affect simultaneously on Return On Asset (ROA).

Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) is a value that can describe how

much influence between the independent variable and the dependent variable, where the coefficient of determination is a number that can indicate the magnitude of the combination of independent variables simultaneously affecting the dependent variable. Regarding the results of the Coefficient of Determination ( $R^2$ ) test in this study can be seen in the following table:

**Table 13 Test Results of Coefficient of Determination ( $R^2$ )**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.692 <sup>a</sup>	.479	.449	.136324

a. Predictors: (Constant), Inventory Turnover, Current Ratio

Based on the results of the coefficient of determination test, it is known that the Adjusted R Square value is 0.449. It can be concluded that the variables Current Ratio and Inventory Turnover (ITO) to Return On Asset (ROA) simultaneously amounted to 44.9% while the remaining 55.1% was influenced by other factors not included in this study.

**Discussion**

**The Effect of Current Ratio Terhadap Return On Assets (ROA)**

Based on the partial test results, it can be seen that there is no effect of the Current Ratio on Return On Asset (ROA) from the calculation of t calculated at 1,000 and t table at 1,691. From this, t calculate  $1.000 < t$  table 1.691, the significance value is 0.324 and the value is greater than 0.05 which means that partially the Current Ratio does not have a significant effect on Return On Assets (ROA). This shows that the rise and fall of

the Current Ratio value does not necessarily determine the acquisition of a good level of profit and does not necessarily optimize the company's short-term debt. A Current Ratio that is too high is also not good because current assets are not used effectively. This research is in line with research (Muhdor, 2023) which states that the Current Ratio partially has no effect on Return On Assets (ROA). Research (F. L. Rahmawati, 2012) also proves that the Current Ratio partially has no effect on Return On Assets (ROA).

**The Effect of Inventory Turnover (ITO) on Return On Assets (ROA)**

Based on the partial test results, it can be seen that there is no effect of Inventory Turnover (ITO) on Return On Assets from the calculation results of t calculated at 5.377 and t table 1.691. From this, t calculate  $5.377 > t$  table 1.691, and the significance value is 0.000 and the value is less than 0.05 which

means that partially Inventory Turnover (ITO) has a significant effect on Return On Assets (ROA). This shows that the ups and downs of inventory turnover affect profitability. Good inventory turnover can be seen from companies that are able to process their inventory so as not to cause losses due to the accumulation of too much inventory. This research is in line with research (Damayanti & Sitohang, 2019) which states that Inventory Turnover (ITO) partially affects Return On Asset (ROA).

#### **Pengaruh Current Ratio dan Inventory Turnover (ITO) Terhadap Return On Assets (ROA)**

Based on the results of simultaneous tests, it can be seen that there is an influence of Current Ratio and Inventory Turnover (ITO) on Return On Asset (ROA) from the calculation results  $F$  calculated at 15.656 and  $F$  table at 3.295. From this,  $F$  calculate  $15.656 > F$  table 3.295, and the significance value is 0.000 and the value is less than 0.05 which means simultaneously Current Ratio and Inventory Turnover (ITO) have a significant effect on Return On Assets (ROA). This shows that if there is a change in the value of Current Ratio and Inventory Turnover (ITO), it will affect the value of Return On Asset (ROA). This research is in line with research (Rivaldy et al., 2022) which states that Current Ratio and Inventory Turnover (ITO) simultaneously affect Return On Asset (ROA).

#### **CONCLUSION**

Based on the results of data analysis conducted in this study with a sample of 13 mining sector companies, which was conducted to determine the effect of Current Ratio and Inventory Turnover (ITO) on Return On Assets

(ROA) in the mining sector listed on the Indonesia Stock Exchange (IDX) in 2019 – 2020, the conclusions that can be drawn in this study are as follows:

The Current Ratio does not have a partial effect on Return On Asset (ROA) in mining companies listed on the IDX in 2019 – 2022 or ho accepted and ha rejected.

Inventory Turnover (ITO) has a partial effect on Return On Asset (ROA) in mining companies listed on the IDX in 2019 – 2022 or ho rejected and ha accepted.

Current Ratio and Inventory Turnover (ITO) simultaneously affect Return On Asset (ROA) in mining companies listed on the IDX in 2019 – 2022 or ho rejected and ha accepted.



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