

a decrease of -7.97% to 39,545,959. This shows that the company has not managed its assets optimally to generate sales and the company has not been optimal in reducing expenses to achieve optimal profits.

With the management of company assets that have not been optimal, the results of this study show that the company seeks to increase the value of return on equity in the du pont method during the research period by increasing the value of return on assets. Increasing return on assets can be done by increasing asset turnover or net profit margin or by increasing both. Companies can increase net profit by reducing or reducing their operating expenses by a certain amount or increase sales. Improving, optimizing all assets to generate net sales is the goal of efforts to increase asset turnover.

Financial performance analysis has been carried out based on research showing that the expected results are able to increase sales and reduce operational costs that are burdened by PT Unilever Indonesia Tbk, so that profits can continue to increase and it is hoped that the company will be able to prosper stakeholder stakeholders. The company must also be able to improve the company's financial performance by increasing revenue on the total assets owned. The improvement of the company's financial performance is an important factor because the annual report containing the company's financial performance will be published at the end of each period. Investors can be confident in investing their capital by considering the company's financial performance statements. Because healthy financial performance is a benchmark for risk in investing in the company.

## **5. Conclusions and Suggestions**

### **5.1. Conclusion**

1. Analysis of the du pont method revealed a decline in the financial performance of PT Unilever Indonesia Tbk in 2020-2021. During the research period, the equity multiplier increased while the ratio of asset turnover, net profit margin, and return on assets decreased. The return on equity du pont method is influenced by the equity multiplier and return on assets, but the main factor is a decrease in return on assets. Asset turnover and net profit margin are factors that contribute to a decrease in asset returns.
2. The company's asset turnover decreased along with the decline in sales and total assets, sales data showed a decrease of -7.97% and total assets data showed a decrease of -4.33%. Declining sales due to poorly managed assets. This shows that the company is still unable to maximize asset management to generate sales profits.
3. The company's net profit margin decreased along with the decline in net profit and sales, net profit data showed a decrease of -19.62% and sales data showed a decrease of -7.97%. Net profit decreased due to the company's inefficiency in managing sales. This illustrates that the company cannot effectively manage sales to generate profits for the company.
4. The company's equity multiplier increased due to total assets and total equity, data on total assets showed a decrease of -4.33% and data on total equity showed a decrease of -12.48%. High total assets compared to total equity will result in a high equity multiplier. The increase in equity multiplier is influenced by the use of debt to finance its total assets, the higher the use of debt to finance assets, the lower the total equity used so that the equity multiplier increases.

### **5.2. Suggestion**

1. To increase net profit by increasing sales and reducing operating costs and other cost expenses, so that the profit obtained can continue to increase. Profits that increase every year can generate high profits so that financial performance can be said to be good in obtaining profits.
2. In reducing debt in financing assets so as to reduce some of the risks that occur. With a small risk, it will be able to increase investor confidence in making investments, so it is expected that the equity held in financing assets will be higher.

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# The Impact of Financial Ratios on Profit Growth in Companies in the Hotel, Restaurant and Tourism Subsector Listed on the Indonesia Stock Exchange During the COVID-19 Pandemic (Period 2019-2021)

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## Abstract

This research aims to determine the extent of the influence of the Current Ratio, Net Profit Margin, and Debt to Equity ratio on the growth of earnings in the Hotel, Restaurant, and Tourism sub-sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2019-2021. This research uses a quantitative research method, the technique used in this research is the documentation technique, which is sourced from secondary data, obtained by taking data published by the Indonesia Stock Exchange (BEI). The analysis technique used in this research is multiple linear regression analysis. The significance value for the Current Ratio (CR) variable =  $(0.013) < (0.05)$ , so the Current Ratio (CR) has a significant effect on earnings growth. The significance value of the Net Profit Margin (NPM) =  $(2.048)$  and significance  $(0.000) < (0.05)$ , so the Net Profit Margin (NPM) has a significant effect on earnings growth. Meanwhile, the Debt equity Ratio (DER) variable +  $(-2.048)$  and significance  $(0.667) > (0.05)$  so the Debt equity ratio (DER) does not have an effect on earnings growth.

## Keywords:

Current Ratio (CR), Debt to Equity Ratio (DER), Net Profit Margin (NPM)

## 1. Introduction

The year 2020 marks the emergence of the Coronavirus Disease (COVID-19) outbreak in Wuhan, China in 2019. Due to the rapid spread of the virus, many other countries were also affected by COVID-19, including Indonesia in 2020. The first reported case of COVID-19 in Indonesia was on March 2, 2020, with the discovery of 2 people confirmed to have contracted the virus from a Japanese national (based on data from WHO, ECDC, CDC-US, NHC-PRC).

The rapid development of COVID-19 in Indonesia greatly impacted the economy, especially with the implementation of the PPKM (restriction of community activities) program, which requires all activities to be carried out at home. This had a significant impact on various economic sectors, as this policy led to businesses being forced to carry out layoffs. Based on COVID-19 data, Indonesia is ranked 16th in the world in terms of positive cases of the coronavirus, with 2,379,397 confirmed cases, 62,908 deaths, and 1,973,388 recoveries.

### 1.1. Literature Review

#### 1.1.1. Definition of Financial Management

Financial management is an area that can be used to increase the value of the company through the policies taken. The three main policies in financial management are funding policy, investment policy and dividend policy (Murtini, 2008).

From the definition above, it can be concluded that financial management is an adjustment result of science and art based on the activities of the company by mobilizing human resources to obtain and manage funds or assets according to the expected targets.

#### 1.1.2. Financial Statement Analysis

Financial Statement Analysis should be carried out carefully using the appropriate methods and techniques to make the right decisions. According to (Sari & Hidayat, 2022).

According to Sari & Hidayat (2022) Financial statement analysis is an analysis of the financial condition of a company that involves the balance sheet and income statement.

Financial statement analysis is a process of studying financial statements and their elements with the aim of evaluating and predicting the financial condition of the company or business entity and evaluating the results achieved by the company or business entity in the past and present.

### 1.1.3. Liquidity Ratio

According to Kasmir (2016:112), "The liquidity ratio is a ratio that describes a company's ability to fulfill short-term obligations (debt). This means that if the company is asked to pay, it will be able to fulfill the debt, especially the overdue debt."

According to Kasmir (2016:121), the Current Ratio (CR) is formulated as follows:

$$\text{Current Ratio} = \frac{(\text{current assets})}{(\text{current liability})}$$

### 1.1.4. Profitability Ratio

According to Kasmir (2016:196), the profitability ratio is a ratio for assessing a company's ability to generate profit. This ratio also gives a measure of the effectiveness of a company's management. This is indicated by the profits generated from sales and investment income. In essence, the use of this ratio shows the efficiency of the company.

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

### 1.1.5. Solvability Ratio

According to Sugiono & Untung (2016:57), "Solvency ratio is a ratio that measures the extent to which expenditures are made by debt compared to capital, and the ability to pay interest and other liabilities."

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

### 1.1.6. Profit Growth

According to Hery in Handayani et al., (2018:39)"Profit is an increase in equity (net assets) from non-main operational transactions that rarely occur or transactions that affect the entity, but not from expenses or distributions to the owners."

$$Y = \frac{Y_t - (Y_{t-1})}{(Y_{t-1})} \times 100\%$$

### 1.1.7. Conceptual Framework of Research

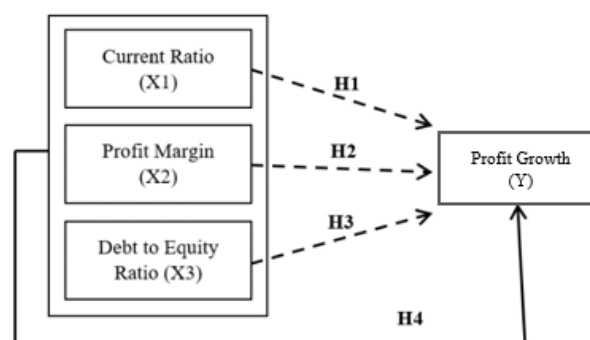
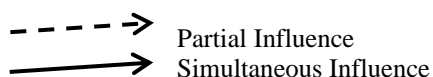


Figure 1. Conceptual Framework of Research

Source: The Author Himself



## 2. Research Method

### 2.1. Research Approach

This research uses a quantitative approach. According to Hamdi & Bahruddin (2015:5) "Quantitative research emphasizes the objective phenomena of the research design by using numbers, statistical processing, structure, and controlled experiments".

### 2.2. Research Object

The object in this research explains the influence of financial ratios on profit growth in the sub-sector of hotels, restaurants and tourism companies listed on the Indonesia Stock Exchange during the COVID-19 pandemic period 2019-2021. The scope of the research in this study discusses the influence of financial ratios on profit growth.

### 2.3. Data Type

The type of data used for this research is quantitative data and secondary data. According to Suryani & Hendryadi (2016:172) "secondary data is data obtained in the form of ready-made, collected and processed by others, usually in the form of publications".

### 2.4. Data Source

The data source comes from the Indonesia Stock Exchange, consisting of annual financial reports of sub-sector hotel, restaurant and tourism companies listed on the Indonesia Stock Exchange for the period of 2019-2021. The data obtained from the annual reports of the company can be found through [www.idx.co.id](http://www.idx.co.id) and [www.idnfinancials.com](http://www.idnfinancials.com)

### 2.5. Population and Sample

The definition of population according to Firdaus & Zamzam (2018:99) says that "Population is a group of subjects or data with certain characteristics". The population in this study uses all companies in the hotel, restaurant and tourism subsector registered in the Indonesian Stock Exchange for the period 2019-2021.

The definition of sample according to Firdaus & Zamzam (2018:99) says that "a sample is part of the amount and characteristics possessed by the population". The sample in this study focuses on 10 companies in the hotel, restaurant and tourism subsector registered in the Indonesian Stock Exchange for the period of 2019-2021.

### 2.6. Data Analysis Technique

This study uses multiple regression analysis to describe the effect on the dependent variable with the independent variable, so this multiple analysis test is able to explain the relationship between one variable with another variable, especially the dependent variable with the independent variable.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

## 3. Research Results and Discussion

### 3.1. Normality Test

This test is used to determine whether the data in each variable is normally distributed or not. The researcher used the Kolmogorov Smirnov normality test, which can be seen in the following table:

Table 1. Kolmogorov Smirnov Test  
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,46486919
Most Extreme Differences	Absolute	,124
	Positive	,124
	Negative	-,068
Test Statistic		,124
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

- Test distribution is Normal.
- Calculated from data.
- Calculated from data.
- This is a lower bound of the true significance.

Source: SPSS data processing

**3.2. Multicollinearity Test**

The purpose of the multicollinearity test is to see if there is an inconsistency of residual variance from one observation to another in the regression equation. A useful regression model has a limit of tolerance value  $\leq 0.1$  and VIF value  $\geq 10$ . The multicollinearity test can be seen in the following table:

Table 2. Multicollinearity Test

Variabel	Collinearity Statistics	
	Tolerance	VIF
CR	.878	1.139
NPM	.999	1.001
DER	.879	1.138

Source: SPSS data processing

In the above table, it can be seen that the data meets the criteria for the multicollinearity test because the tolerance value of each variable is  $\leq 0.10$  and the VIF value of each variable is  $\geq 10$  which means that there is no multicollinearity

**3.3. Autocorrelation Test**

Regression analysis aims to see the effect of independent variables on the dependent variable, so there should not be any relationship between one variable and another. In this study, the researcher uses the Durbin Watson (DW test). The results of the Durbin Watson test can be seen in the following table:

Table 3. Autocorrelation Test

Durbin-Watson	Information
1.904	Has no autocorrelation

Source: SPSS data Processing

The results of the testing using the Durbin Watson table can be seen in the following table:

Table 4. Durbin Watson Test

D	dL	dU	4-dL	4-dU
1.904	1.214	1.650	2.786	2.350

Source: SPSS data Processing

Based on the DW table, the result of the DW number is located between dU and (4-dU),  $1,650 < 1,904 < 2,350$ . Thus, it is concluded that the regression equation in this study does not have autocorrelation.

**3.4. Heteroscedasticity Test**

It can be seen that if the points do not have a specific pattern and do not spread above and below zero on the y-axis, then there is no heteroscedasticity. The heteroscedasticity test can be seen in the following figure:

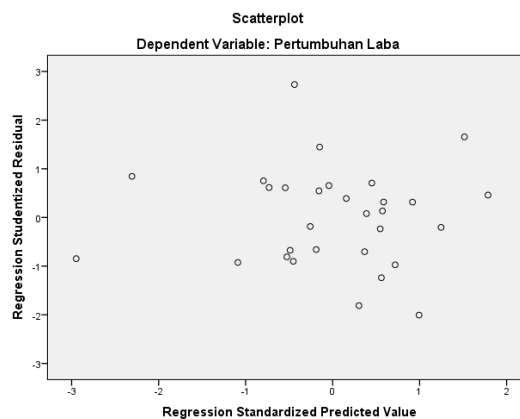


Figure 2. Heteroscedasticity Test

Source: SPSS Data Processing

It can be seen that the points spread randomly and are spread both above and below 0 on the Y-axis, and there is no specific pattern, this concludes that there is no heteroscedasticity."

### 3.5. Multiple Linear Regression Analysis

This analysis aims to examine the effect of independent variables on the dependent variable, indicating a one-way relationship.

Table 5. Multiple Linear Regression Analysis Test

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	,316	,177		2,787	,006
CR	,474	,085	,475	2,670	,013
NPM	,703	,003	,758	4,833	,000
DER	-,017	,08	-,088	-,436	,667

Source: SPSS Data Processing

Based on the analysis results in Table 4 the linear regression equation is obtained as follows:  $Y = 0,316 + 0,474X_1 + 0,703X_2 - 0,017X_3 + e$

Based on the multiple linear equation, it can be described as follows:

- The regression coefficient value of the CR variable ( $\beta_1$ ) is 0.474, which means that if CR is increased by one unit with the assumption that the NPM and DER variables are constant, it will increase profit by 0.474.
- The regression coefficient value of the NPM variable ( $\beta_2$ ) is 0.703, which means that if NPM is increased by one unit with the assumption that the CR and DER variables are constant, it will increase profit by 0.703.
- The regression coefficient value of the DER variable ( $\beta_3$ ) is -0.017, which means that if DER is increased by one unit with the assumption that the CR and NPM variables are constant, it will decrease profit by -0.017.

### 3.6. Partial Test (t-Test)

The partial hypothesis test aims to determine the effect of the independent variables CR, NPM, and DER partially (individually) on the dependent variable, which is the growth of profit in the sub-sector of Hotels, Restaurants, and Tourism in Indonesia.

Table 6. Partial Test (t-Test)

Type	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	,316	,177		2,787	,006
CR	,474	,085	,475	2,670	,013
NPM	,703	,003	,758	4,833	,000
DER	-,017	,08	-,088	-,436	,667

Source: SPSS Data Processing

The t test for the CR indicator, the regression coefficient is 0.474 (positive), with  $t_{count}$  (2.670) and sig (0.013), when compared to  $t_{table}$  (2.048), then  $t_{count} > t_{table}$  and sig.  $< \alpha$  (0.05), Current Ratio has a significant effect on profit growth.

The t test on the NPM indicator, the regression coefficient is 0.703 (positive), with  $t_{count}$  (4.803) and sig (0.000), when compared to  $t_{table}$  (2.048), then  $t_{count} > t_{table}$  and sig.  $< \alpha$  (0.05), the conclusion is that Net Profit Margin has a significant effect on profit growth.

The t test on the DER indicator, the regression coefficient is -0.017 (negative), with  $t_{count}$  (-0.436) and sig (0.667), when compared to  $t_{table}$  (-2.048), then  $-t_{count} < [-t]_{table}$  and sig.  $> \alpha$  (0.05), the Debt Equity Ratio has no significant effect on profit growth.

### 3.7. Simultaneous Test (F-Test)

Tests were carried out using a significance level of  $\alpha$  0.05 (5%). The results of the f test in this study can be seen in the following table:

Table 7. Simultaneous Test (F-Test)

Type	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,493	3	,164	11,682	,000 <sup>b</sup>
Residual	6,267	26	,241		
Total	6,760	29			

- Dependent Variable: Profit Growth
- Predictors: (Constant), DER, NPM, CR

Source: SPSS Data Processing

It can be concluded that the model is significant. Based on this analysis, it can be obtained that the hypothesis stating that Current Ratio, Net Profit Margin, and Debt Equity Ratio have a significant effect on profit growth is accepted.

### 3.8. Determination Coefficient Test ( $R^2$ )

The coefficient of determination test aims to determine how much the model's ability to explain the variation in the dependent variable. The results of the  $R^2$  test in this study can be seen in the following table:

Table 8. Determination Coefficient Test ( $R^2$ )  
Model Summary<sup>b</sup>

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,470 <sup>a</sup>	,44	,384	,49096	1,904

a. Predictors: (Constant), DER, NPM, CR

b. Dependent Variable: Profit Growth

Source: SPSS Data Processing

The test results for the coefficient of determination ( $R^2$ ) show that the Adjusted R Square value is 0.384 or 38.4%. This means that the profit growth rate that can be explained by the independent variables (CR, NPM, and DER) is 38.4%, while the remaining 61.6% is influenced by other variables not examined.

## 4. Conclusions and Suggestion

### 4.1. Conclusions

Based on the data analysis and discussion that has been put forward regarding "The Effect of Financial Ratios on Profit Growth in the Hotel, Restaurant and Tourism Subsectors Listed on the Indonesian Stock Exchange During the Covid-19 Pandemic for the 2019-2021 Period", the researchers obtained the conclusion that is.

1. Current Ratio has a positive effect on profit growth.
2. Net Profit Margin has a positive effect on profit growth.
3. Debt Equity Ratio has a negative effect on profit growth.

### 4.2. Suggestions

For potential investors, it is recommended to invest in companies that have high CR and NPM ratios, because they have a large effect on profit growth, because the right liquidity policy and the profit that the company gets will be related to the amount of return in the form of dividends on the investment to be made.

For future researchers, the influence of the three variables is still sufficient, as evidenced by the coefficient of determination, Adjusted R Square of 0.384 or 38.4%. This means that the rate of profit growth that can be explained by the independent variables (CR, NPM, and DER) is 38.4%, while the remaining 61.6% is influenced by other variables not examined. For other researchers who use time series data with the same theme, it is better to increase the number of independent variables so that the research results can be even better.

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