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The Effect of Financial Leverage on Profitability in the Food and Beverage Industry (2017-2021)

Pengaruh *Financial Leverage* terhadap *Profitability* pada Perusahaan Makanan dan Minuman (2017-2021)

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ABSTRACT

This study aims to investigate the effect of financial leverage, that's measured through the Debt to Asset Ratio (DAR) and Debt to equity Ratio (DER), on return on assets (ROA) in food and beverage sector companies indexed at the Indonesia stock change (BEI). at some stage in the 2017-2021 period. Financial report records from 14 corporations selected the usage of the purposive sampling technique was analyzed via a couple of linear regression. The studies results show that the DAR ratio does not have an extensive effect on ROA, while the DER ratio has a giant high quality that has an effect on ROA. This research presents critical perception into capital structure management and its effect on organisation financial performance amidst the dynamics of the food and beverage industry.

Keywords: Financial Leverage, Debt to Asset Ratio, Debt to Equity Ratio, Profitability, Return on Asset

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh financial leverage yang diukur melalui Debt to Asset Ratio (DAR) dan Debt to Equity Ratio (DER) terhadap return on assets (ROA) pada perusahaan sektor makanan dan minuman yang terindeks di Bursa Efek Indonesia. (BEI). pada tahap tertentu dalam periode 2017-2021. Catatan laporan keuangan dari 14 perusahaan yang dipilih menggunakan teknik purposive sampling dianalisis melalui beberapa regresi linier. Hasil penelitian menunjukkan bahwa rasio DAR tidak berpengaruh luas terhadap ROA, sedangkan rasio DER mempunyai kualitas yang sangat tinggi sehingga berpengaruh terhadap ROA. Penelitian ini menyajikan persepsi kritis terhadap manajemen struktur modal dan pengaruhnya terhadap kinerja keuangan organisasi di tengah dinamika industri makanan dan minuman.

Kata Kunci*: Financial Leverage, Debt to Asset Ratio, Debt to Equity Ratio, Profitability, Return on Asset*

Introduction

The financial overall performance of a business entity is the principal attention in tracking and comparing numerous strategic choices taken with the aid of management. The idea of financial performance includes numerous components, which includes profitability, liquidity, leverage, and operational efficiency, all of which play an essential function in determining the competitiveness and survival of an organization amidst market uncertainty (Abubakar, 2017). In a dynamic global business context, financial overall performance is the primary benchmark for stakeholders, including owners, investors, lenders and inner control. An employer's potential to generate sustainable profits, hold healthy liquidity, and control its capital structure wisely are all determining elements in accomplishing long-time period desires (Ahmed, 2018).

The role of financial overall performance is not only constrained to monitoring operational sustainability, however additionally concerns funding attractiveness, enterprise fee, and the company's ability to face outside challenges. Therefore, a deep understanding of the factors that have an impact on financial performance is essential to enable companies to make

the proper selections, reply quickly to market changes, and continue to be applicable amidst increasingly more fierce opposition (Bahraini, 2021). The rapidly converting commercial enterprise surroundings, pushed with the aid of technological tendencies, modifications in monetary regulations and international market dynamics, is one of the predominant elements influencing a corporation's monetary performance. Consumer modifications, regulatory demands, and product innovation can create significant stress on a corporation's ability to keep and enhance its financial performance (Chen, 2020).

Return on assets (ROA) is one of the key financial ratios that gives a top level view of the quantity to which an organization is green in using its assets to generate profits. ROA is calculated by dividing the company's internet profit with the aid of the full assets it owns. Research on ROA is very relevant and has high urgency in the context of corporate financial management (Enekwe, 2014). ROA is taken into consideration as a fundamental overall performance indicator that offers an outline of the way efficiently a corporation converts its asset investments into profits. This is very important for stakeholders, together with buyers, control and lenders, to assess the quantity to which the organization is ready to make use of the resources it has. ROA provides direct insight into a company's operational efficiency. In a competitive business environment, companies must be able to optimize the use of their assets in order to compete effectively and increase added value for shareholders (Dalci, 2018). ROA also allows performance comparisons between companies in the same industry or similar sectors. Thus, research into ROA can help identify companies at the peak of efficiency and inspire best practices. ROA not only provides an overview of efficiency, but can also serve as an indicator of overall financial health. A decline in ROA may reflect potential problems in asset management, cost structure, or business strategy, which need to be addressed quickly. Company management can use ROA information to assess the performance of a particular business unit or project. ROA helps in evaluating the success of business strategies and initiatives in achieving desired returns (Dey, 2018).

Table 1
Return on Assets (ROA) 2017-2021

No	Kode Emiten	Tahun (%)					Rata-Rata
		2017	2018	2019	2020	2021	
1	ULTJ	13,88	12,63	15,67	12,68	17,24	14,42
2	ROTI	2,97	2,89	5,10	3,80	6,70	4,29
3	MYOR	11,00	10,00	11,00	11,00	6,00	9,80
4	MLBI	53,00	42,00	42,00	10,00	23,00	34,00
5	INDF	10,20	9,90	10,20	9,90	9,90	10,02
6	DLTA	20,86	22,19	22,29	10,12	14,37	17,96
7	CEKA	7,71	7,93	15,47	11,61	11,02	10,74
8	SKBM	0,59	0,90	0,05	0,31	1,51	4,20
9	SKLT	3,60	4,30	5,70	5,50	9,60	4,90
10	STTP	25,89	70,23	49,37	51,48	(52,30)	7,41
11	AISA	93,32	255,64	67,43	147,00	14,12	64,49
12	ALTO	55,00	48,00	64,00	62,00	71,00	94,00
13	CLEO	380,36	289,36	492,70	596,14	288,50	198,72
14	HOKI	29,00	29,00	20,00	24,00	7,00	21,80
	Rata-Rata	**17,08**	**15,36**	**17,39**	**9,87**	**12,60**	**14,46**
	Perkembangan	-	**(10,07)**	**13,21**	**(43,24)**	**27,65**	**(3,11)**

Source: IDX, 2023

From table 1 above, it can be seen that the development of return on assets in the food and beverage industry has decreased every year. The highest return on assets was in

2019, namely 17.39% and the lowest return on assets was in 2017, namely 17.08% with an average increase of 3.11%.

Financial leverage is a key concept in financial control that displays the use of debt to growth potential returns for company proprietors. Using leverage can provide financial benefits by means of making use of assets of funds originating from loans, which in turn can increase the corporation's profit capacity (Hidayat, 2018). In a completely dynamic business world, the usage of financial leverage is a common strategy applied by organizations to optimize their capital shape (Harsono, 2024). Theoretically, financial leverage can increase go back on fairness (ROE) with a lower value of capital compared to funding totally from its own capital. However, the use of leverage additionally incorporates positive dangers, specifically associated with interest expenses and financial ruin hazard (Beni, 2022).

The significance of financial leverage lies in its capability to accelerate employer boom and increase proprietor wealth. Using debt can provide more right of entry to capital wanted for investment, growth, or other strategic tasks. In a few instances, agencies can acquire higher growth quotes than might be possible without using leverage (Hidayat, 2022). However, the usage of financial leverage additionally raises diverse issues and risks. increases in hobby fees, fluctuations in interest prices, and financial pressure which could get up during difficult intervals may have a poor impact on an agency's financial overall performance. Therefore, an in-intensity information of the impact of using financial leverage is essential for stakeholders, inclusive of control, buyers and creditors (Hidayat, 2022).

Table 2
Debt to Asset Ratio (DAR) 2017-2021

No	Emiten	DAR (%)					Average
		2017	2018	2019	2020	2021	
1	ULTJ	18,90	14,06	14,43	45,38	30,63	24,68
2	ROTI	0,38	0,34	0,30	0,30	0,30	0,32
3	MYOR	51,00	51,00	43,00	43,00	48,00	47,00
4	MLBI	58,00	60,00	60,00	51,00	62,00	58,00
5	INDF	0,47	0,48	0,44	0,51	0,52	0,48
6	DLTA	14,63	15,71	14,90	16,78	22,81	16,96
7	CEKA	35,16	16,45	18,79	19,53	18,26	21,63
8	SKBM	0,37	0,41	0,43	0,46	0,50	0,08
9	SKLT	52,00	55,00	52,00	47,00	39,00	2,60
10	STTP	7,00	16,00	25,00	10,00	11,00	2,00
11	AISA	8,30	17,70	5,60	9,30	1,40	4,29
12	ALTO	8,10	6,70	8,20	7,50	8,60	10,20
13	CLEO	10,79	7,78	11,90	12,20	6,20	5,10
14	HOKI	0,11	0,15	0,14	0,13	0,07	0,08
	Average	**25,50**	**22,57**	**21,69**	**25,21**	**26,07**	**24,20**
	Growth	-	**(11,49)**	**(3,89)**	**16,22**	**3,41**	**1,06**

Source: IDX,2023

From table 2, it can be seen that the development of the debt to asset ratio in the food and beverage industry is decreasing every year. The highest debt to asset ratio was in 2021, namely 26.07% and the lowest debt to asset ratio was in 2019, amounting to 21.69% with an average development of 1.06%. This shows that debt funding is increasing. The following is the development of the debt to equity ratio in the food and beverage industry listed on the IDX for the 2017-2021 period:

Table 3
Debt to Equity Ratio (DER) Tahun 2017-2021

No	Emiten	DER (%)					Average
		2017	2018	2019	2020	2021	
1	ULTJ	23,30	16,35	16,86	83,07	44,15	36,74
2	ROTI	0,63	0,51	0,50	0,40	0,50	0,50
3	MYOR	103,00	106,00	92,00	75,00	75,00	90,20
4	MLBI	136,00	147,00	153,00	103,00	166,00	141,00
5	INDF	0,88	0,93	0,77	1,06	1,07	0,94
6	DLTA	17,20	18,70	17,56	20,24	29,65	20,67
7	CEKA	54,22	19,69	23,14	24,27	22,35	28,73
8	SKBM	0,59	0,70	0,76	0,84	0,99	2,34
9	SKLT	106,9	120,3	107,9	90,2	64,1	5,37
10	STTP	60,15	54,20	51,51	50,69	56,36	54,58
11	AISA	75,17	63,51	63,92	57,57	67,89	65,61
12	ALTO	52,02	53,04	46,52	46,83	49,41	49,56
13	CLEO	22,93	18,17	15,48	14,63	16,04	14,34
14	HOKI	91,15	10,25	80,15	25,25	25,94	46,54
	Average	**47,89**	**44,16**	**43,40**	**43,86**	**48,38**	**45,53**
	Growth	-	**(7,78)**	**(1,72)**	**1,05**	**10,30**	**0,46**

Source: IDX,2023

From table 3, it can be seen that the development of the debt to equity ratio in the food and beverage industry fluctuates every year. The highest debt to equity ratio was in 2021, namely 48.38% and the lowest debt to equity ratio was in 2019, namely 43.40% with an average development increase of 0.46%. This shows that the company's risk is relatively high as a result.

Financial leverage has direct relevance to the company's capital structure, namely the proportion between own capital and loan capital. In the food and beverage industry, where financial aspects and risk management are very important, capital structure can have a significant effect on company sustainability and performance (Ilyukhin, 2015). Therefore, financial leverage is a very relevant variable to research. Leverage has a direct impact on Return on Assets (ROA), because the use of debt can increase profits or increase the company's financial risk (Iqbal, 2018). Research on how a whole lot has an impact on financial leverage has on ROA will provide perception into the quantity to which an employer's capital structure can aid or prevent financial overall performance.

Meals and beverage region organizations listed at the Indonesia stock change (IDX) have a critical function in riding the national economy. The presence and premier overall performance of these businesses now not best creates delivered fees inside the shape of employment, however also contributes considerably to country profits and universal financial increase (Julio, 2022). Therefore, studies on the financial performance of meals and beverage sector groups in IDX are very critical and pressing. meals and beverage zone groups collectively make a large contribution to Indonesia's Gross domestic Product (GDP). The financial overall performance of those organizations is without delay associated with how much they may be capable of contributing economic value to the country.

This sector is also one of the largest providers of employment, and growth or decline in financial performance can have a direct impact on employment in Indonesia (Inam, 2014). On the side of the consumerist nature inherent in meals and beverage merchandise, businesses in this region have a tendency to be more proof against economic fluctuations. but, the impact of the COVID-19 pandemic has proven that this zone is not completely immune from economic risks. Consequently, financial performance research can provide insight into the extent to which corporations in this area are able to manage financial crises and adjustments (Javed, 2015).

Companies inside the food and beverage industry sub-quarter frequently face fluctuating raw material prices and rapid adjustments in client flavors. In this context, risk management through financial leverage management becomes critical (Mahzura, 2018). This

research can provide insight into how effective a company is in managing its financial risk through capital structure.

Several companies in the food and beverage sector at IDX also compete in the global market. Strong financial overall performance can increase Indonesia's competitiveness in international markets, and conversely, financial instability can preclude worldwide enlargement (Kenn, 2019). By digging deeper into the financial overall performance of meals and beverage quarter organizations in IDX, this research is predicted to provide important and strategic insights for stakeholders, including regulators, investors and enterprise management, to stand demanding situations and take advantage of opportunities in a continuously converting business environment. developing (Lukić, 2015).

The selection of leverage as an independent variable is based on the complexity and relevance of financial factors in the food and beverage industry. Therefore, this variable is considered the most representative variable and provides an in-depth understanding of the factors that influence a company's financial performance in that context.

There are several studies that have titles similar to this research. To strengthen this research, the author explains the results of research conducted by other people. This research was performed via Maulita and Tania (2018). Simultaneous research consequences debt to equity ratio, debt to asset ratio and long term debt to equity ratio have a superb and significant impact on the corporation's profitability.

Another studies become carried out through Nelsi (2017) with the studies identify The influence of Capital shape on financial overall performance in Pharmaceutical agencies for the 2010-2014 length which resulted within the end that partly the debt to asset ratio has a tremendous and giant effect on go back on assets, even as the debt to equity ratio and long time debt to equity ratio has a negative and insignificant effect on ROA. This research refers to several previous research which have been accomplished by means of preceding researchers, specifically Maulita and Tania (2018) with the studies identify The have an impact on of DER, DAR and LTDER on Profitability inside the meals and Beverage area for the 2011-2016 length which states that simultaneously DER, DAR and LTDER have an impact high-quality and large to the company's profitability. another research become conducted by using Nelsi (2017) with the studies identify The effect of Capital structure on financial overall performance in Pharmaceutical agencies for the 2010-2014 duration which states that partially DAR has a effective and good sized effect on ROA, whilst DER and LTDER have a bad and insignificant effect on ROA.

based on this heritage, researchers are inquisitive about carrying out financial leverage research so as to prove the theories put forward by using specialists which can be mentioned inside the form of a systematic article entitled "The impact of financial Leverage on go back on assets in the food and Beverage enterprise listed at the stock change Indonesia for the 2017-2021 period".

Literature Review

Financial Performance

Financial performance includes evaluating the health and financial performance of a business entity. This is a very important indicator to assess the extent to which a company can achieve its financial and operational goals. Financial performance analysis includes a number of financial metrics and ratios that provide in-depth insight into various aspects of a company's financial health. Some important points that need to be considered in developing an explanation of financial performance involve:

1. **Profitability**

Profitability is one of the main aspects of financial performance. This includes the company's ability to generate net profits from its operational activities. Profitability ratios such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin are key indicators

used to measure the extent to which a company can generate profits from the assets and capital it owns.

2. **Liquidity**

Liquidity reflects a company's ability to meet its financial obligations in a timely manner. Liquidity ratios, such as the Current Ratio and Quick Ratio, provide an idea of the extent to which a company can pay its short-term obligations using assets that can be converted into money quickly.

3. **Leverage**

Leverage refers to the use of borrowed funds by a company. Financial ratios such as Debt to Equity Ratio and Interest Coverage Ratio help in evaluating a company's debt level and its ability to pay interest on its debt.

4. **Operational Efficiency**

Operational efficiency includes how a company can manage assets and resources efficiently to generate revenue. Ratios such as Asset Turnover and Inventory Turnover help measure the extent to which a company can optimize asset use and manage stock efficiently.

5. **Sustainability and Growth**

Financial performance analysis also involves considerations about the company's sustainability and growth. Factors such as Return on Investment (ROI) and Earnings Per Share (EPS) help measure the level of sustainability of a company's profits and growth from a shareholder perspective.

6. **Industry Trends and Comparisons**

Looking at financial performance trends over time and comparing them to industry or competitor averages can provide a better understanding of a company's relative position. This allows companies to identify their areas of strength and weakness.

7. **Analisis Cash Flow**

Apart from net profit, financial performance analysis also involves understanding cash flow. Cash Flow from Operating Activities, Investing Activities, and Financing Activities provides a complete picture of how a company generates and uses its money.

Return on Asset

Return on Assets (ROA) is a financial ratio used to assess how efficiently a company uses its assets to generate profits. ROA is calculated by dividing a company's net profit by the total assets it owns, and the results are expressed in percentage form. ROA provides an indication of the extent to which a company can generate profits from the assets it owns (Maulita, 2018). The higher the ROA, the more efficient the company is in managing and utilizing its assets to create added value. Therefore, ROA becomes a powerful tool for assessing the efficiency of asset use in generating income. ROA includes the impact of the company's capital structure, including the use of debt (leverage). When a company uses debt, the net income remaining for shareholders after paying interest expenses may increase or decrease, and this affects ROA. Thus, ROA provides a comprehensive picture of the impact of leverage on financial performance. ROA allows comparison of financial performance between companies, especially if the companies operate in the same industry (Meghanathi, 2021). This ratio helps assess the extent to which a company is able to compete efficiently with similar companies in the same industry, as well as comparing the level of asset efficiency between industrial sectors. ROA is an important indicator of financial health. Companies with high ROA demonstrate the ability to generate profits using existing assets. Conversely, a low ROA can indicate operational problems or management policies that need attention (Rahman, 2020).

Company management can use ROA as a tool to evaluate their management policies and strategies in managing company assets. Monitoring ROA can help management identify areas where operational efficiency can be improved or more optimal financial strategies can be adopted. ROA can also be used as a tool to measure the effectiveness of a company's

investment. Investments that produce high ROA can be considered successful, while low investments that produce low ROA can indicate potential problems or changes that need to be made (Senan, 2021). By tracking ROA over time, companies can identify financial performance trends. These trends can provide clues about the successful implementation of the company's strategy, and allow management and investors to take appropriate steps (Taqi, 2020).

Financial Leverage

Financial leverage, or financial leverage, reflects the use of borrowed funds or debt by a company to increase potential returns for shareholders. Financial leverage is closely related to the company's capital structure. The capital structure includes a mixture of own capital (equity) and borrowed capital (debt). Financial leverage is a manifestation of a company's decision to use debt to fund operations or investments. Two financial ratios that are closely related to financial leverage are the Debt to Equity Ratio (DER) and the Interest Coverage Ratio. DER measures how much a company relies on debt, while the Interest Coverage Ratio shows the company's ability to pay interest expenses from its operating profits. One of the main objectives of using financial leverage is to increase investment returns for shareholders (Yoon, 2005). By using borrowed funds, a company can expand its operational scale, and if the returns generated from these investments exceed interest costs, then profits for shareholders can increase. Financial leverage can affect a company's net profit. Because interest is a fixed cost, the use of debt can increase net income if investment returns exceed interest costs. Conversely, if the return on investment is less than interest costs, it can have a negative impact on net income. Although financial leverage can increase profits, it also carries financial risks. If a company is unable to pay interest or manage its debt well, the risk of bankruptcy may increase (SARITAŞ, 2000). Therefore, companies need to consider their financial risks wisely in managing their capital structure.

Business cycles can influence the impact of financial leverage. In good economic conditions, the use of debt may be easier to handle due to high profits. However, in difficult economic conditions, the debt burden can become heavier. Financial flexibility is crucial for managing changes in the business environment. The decision to use financial leverage is a strategic decision that must be considered carefully. Company management needs to understand the risks and benefits of using debt, and ensure that the capital structure supports the company's long-term goals. The decision to use financial leverage can also affect company value. If the use of debt can increase investment returns more than the cost of capital, the value of the company can increase. On the other hand, the use of debt that is not well managed can be detrimental to company value (Rokhimah, 2024).

Debt to Asset Ratio

Debt to Asset Ratio measures how large a percentage of a company's total assets are financed using debt. DAR indicates the proportion of total assets financed by debt. The higher the DAR, the greater the company's dependence on debt. DAR can be used to evaluate a company's level of financial risk. If the DAR is high, the company may have higher risks related to interest payments and debt repayment. DAR allows comparison of capital structures between companies in the same industry. Companies with low DAR may have lower financial risk. Observing changes in DAR over time helps in tracking how a company's capital structure changes and how companies manage their funding sources (Singh, 2016).

Debt to Equity Ratio

Debt to Equity Ratio measures the proportion of own capital and debt in a company's capital structure. DER provides information about how much debt is compared to the company's equity. The higher the DER, the greater the company's dependence on debt. DER helps measure the extent to which a company uses debt compared to its own capital. If the

DER is high, the company may have greater financial risk. DER can be used to compare a company's capital structure with the industry average. Companies with lower DER may be considered safer and more stable (Mukras, 2015). DER can influence investor and creditor decisions. Investors may be more interested in companies with a low DER because it indicates lower financial risk. The DER level can also have a correlation with the level of profitability. High interest expenses from debt can affect a company's net profit, so it needs to be considered in the context of overall financial performance. A deep understanding of the Debt to Asset Ratio and Debt to Equity Ratio is very important in analyzing a company's capital structure, managing financial risks, and making wise investment decisions. These two ratios provide a complete picture of the extent to which companies rely on debt to fund their operations and investments (Onyema, 2018).

Research Methods

The research method used in this research is research that provides explanatory research (Cooper, 2008: 123). The explanatory research method is carried out to obtain clarity on phenomena that occur at the empirical level (real world) and to try to get answers (verification). Explanatory research is research that explains the symptoms caused by a research object which aims to explain the causal relationship between variables through hypothesis testing. The objects that will be examined in this research are the variables that will be tested, namely financial leverage as the independent variable and Return On Assets (ROA) as the dependent variable.

The type of data used in this research is secondary data. Secondary data is research data obtained indirectly through intermediary media, Indriantoro (2013:47). in the form of issuers' financial reports from 2017-2021 which have been registered as publicly traded companies. The data source used in this research is the financial reports of telecommunications companies for the 2017-2021 period. This research data was obtained from the official website of the Indonesian Stock Exchange (BEI), namely www.idx.co.id.

The population in this research is all food and beverage industry companies listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period. The companies that make up the population in this research are as follows:

Table 4
Emiten Sektor Food and Beverage (2017 - 2021)

No	Emiten	Kode Emiten	IPO
1	PT. Tiga Pilar Sejahtera Food, Tbk	AISA	11 Juni 1997
2	PT. Tri Bayan Tirta, Tbk	ALTO	10 Juli 2012
3	PT. Campina Ice Crea Industry, Tbk	CAMP	1 Des 2017
4	PT. Wilmar Cahaya Indonesia, Tbk	CEKA	9 Juli 1996
5	PT. Sariguna Primatirta, Tbk	CLEO	5 Mei 2017
6	PT. Delta Djakarta, Tbk	DLTA	12 Feb 1984
7	PT. Buyung Poetra Sembada, Tbk	HOKI	22 Juni 2017
8	PT. Indofood CBP Sukses Makmur, Tbk	ICBP	7 Okt 2010
9	PT. Indofood Sukses Makmur, Tbk	INDF	14 Juli 1994
10	PT. Multi Bintang Indonesia, Tbk	MLBI	17 Jan 1994
11	PT. Mayora Indah, Tbk	MYOR	4 Juli 1990
12	PT. Prima Cakrawala Abadi, Tbk	PCAR	29 Des 2019
13	PT. Prashida Aneka Niaga Tbk	PSDN	18 Okt 1994
14	PT. Nippon Indosari Corporindo, Tbk	ROTI	28 Juni 2010
15	PT. Sekar Bumi, Tbk	SKBM	5 Jan 1993
16	PT. Sekar Laut, Tbk	SKLT	8 Sep 1993
17	PT. Siantar Top, Tbk	STTP	16 Des 1996
18	PT. Ultrajaya Milk Industry, Tbk	ULTJ	2 Juli 1990

Source: IDX,2023

From several companies that make up the population in this research, several companies that are considered representative will be taken as research samples. The sample in this research used a sampling technique, namely purposive sampling with certain criteria. The sample criteria are as follows:

Table 5
Sampling Criteria

No	Criteria	Total
1.	Food and beverage industry companies listed on the Indonesia Stock Exchange (BEI)	18
2.	Issuers that consistently list during the 2017-2021 period	14
3.	The number of companies selected as research samples	14

Source: IDX,2023

Based on table 5 above on the sample selection list above, the number of companies listed on the Indonesia Stock Exchange (BEI) during the 2017-2021 period that meet the requirements of this research is 14 companies. And the unit of analysis used is the sample financial report for 5 years, namely 2017-2021. The 10 companies sampled in this research are as follows:

Table 6
Issuers in the Sample (2017-2021)

No	Emiten	Kode Emiten	IPO
1	PT. Wilmar Cahaya Indonesia, Tbk	CEKA	9 Juli 1996
2	PT. Delta Djakarta, Tbk	DLTA	12 Feb 1984
3	PT. Indofood Sukses Makmur, Tbk	INDF	14 Juli 1994
4	PT. Multi Bintang Indonesia, Tbk	MLBI	17 Jan 1994
5	PT. Mayora Indah, Tbk	MYOR	4 Juli 1990
6	PT. Nippon Indosari Corporindo, Tbk	ROTI	28 Juni 2010
7	PT. Ultrajaya Milk Industry, Tbk	ULTJ	2 Juli 1990
8	PT. Sekar Bumi, Tbk	SKBM	5 Jan 1993
9	PT. Sekar Laut, Tbk	SKLT	8 Sep 1993
10	PT. Siantar Top, Tbk	STTP	16 Des 1996
11	PT. Tiga Pilar Sejahtera Food, Tbk	AISA	11 Juni 1997
12	PT. Tri Bayan Tirta, Tbk	ALTO	10 Juli 2012
13	PT. Sariguna Primatirta, Tbk	CLEO	5 Mei 2017
14	PT. Buyung Poetra Sembada, Tbk	HOKI	22 Juni 2017

Source: IDX,2023

Results and Discussions

Multiple linear regression

This data analysis uses SPSS 20 using company financial report data from 2016-2020. The results of this processing can be seen in the following table:

Table 7
Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.574	.364		-1.437	.136
	DAR	-.046	.062	-.043	-.635	.378
	DER	.778	.061	.725	10.874	.000

a. Dependent Variable: ROA

Source: Processed Data, 2023

Based on table 7 above, the regression equation can be created as follows:

Y = -0.574 – 0.046 X1 + 0.778 X2 + e

The meaning of the above equation is:

1. The constant value is -0.574, meaning that if the independent variables, namely DAR, DER, are considered constant (with a value of 0), then the dependent variable, namely ROA, will have a value of 0.574.
2. The DAR variable has a regression coefficient with a negative direction of -0.046. If there is an increase in DAR by 1%, it will result in a decrease in ROA by 0.046.
3. The DER variable has a regression coefficient with a positive direction of 0.778. If there is an increase in DER of 1%, it will result in an increase in ROA of 0.778.

Hypothesis testing

Table 8
Hypothesis Test Analysis (t Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.574	.364		-1.437	.136
	DAR	-.046	.062	-.043	-.635	.378
	DER	.778	.061	.725	10.874	.000

a. Dependent Variable: ROA

Source: Processed Data, 2023

Based on the table above, the partial test results can be explained as follows:

1. Based on the results of the t test above, it can be seen that the significance value of the DAR variable is 0.378 > 0.05, which means the DAR ratio has no influence on ROA.
2. Based on the results of the t test above, it can be seen that the significance value of the DER variable is 0.000 < 0.05, which means the DER ratio has an influence on ROA.

Uji Anova (Uji F)

Table 9
Uji Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	95.709	2	47.854	3.617	0.035[b]
	Residual	582.121	68	13.230		
	Total	677.830	70			

a. Predictors: (Constant), DAR, DER

b. Dependent Variable: ROA

Source: Processed Data, 2023

Based on the results of the ANOVA test (F Test) above, it can be seen that the Debt to Asset Ratio and Debt to Equity Ratio have a significance value of 0.035 < 0.05, which means that they simultaneously or together have an influence on ROA.

Coefficient of Determination

Table 10
Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.679[a]	.461	.412	4.30841	1.255

Source: Processed Data, 2023

Based on the results of the coefficient of determination above, it can be seen that the value of the Adjusted R Square is 0.412, which means that 41.2% of ROA in food and beverage sector companies listed on IDX is influenced by financial leverage using the DAR and DER ratio. Meanwhile, the remaining 58.8% was influenced by other variables not included in this research.

Discussion

Based on the results of the research that has been carried out, it can be interpreted that simultaneously debt to asset ratio, debt to equity ratio have a significant effect on return on assets. The results of this research are in line with research conducted by Maulita and Tania (2018) which states that simultaneously DER, DAR and LTDER have a positive and significant effect on company profitability.

The debt to asset ratio has a regression coefficient in a negative direction towards return on assets. This is in line with the statement that the greater the DAR indicates the greater the company's level of dependence on external parties (creditors) and the greater the debt costs (interest costs) that the company must pay. According to Horne & Wachowisz (2012: 59), the higher the DAR value, the greater the financial ratio. In Paris, the debt to asset ratio has no effect on return on assets. The results of this research are in line with research conducted by Julio and Fera (2022) which states that the debt to asset ratio does not have a significant influence on return on assets.

The debt to equity ratio variable has a regression coefficient in a positive direction towards return on assets. This is in line with Kasmir's (2013: 160) statement that the level of

DER will affect the level of ROA achieved by the company. If the costs incurred by loans (cost of debt) are smaller than the costs of own capital (cost of equity), then the source of funds originating from loans or debt will be more effective in generating profits (increasing ROA) and vice versa. Partially, the debt to equity ratio has an effect on return on assets. The results of this research are in line with research conducted by Friska and Marlina (2015) which states that the debt to equity ratio has a significant influence on return on assets.

Conclusion

Based on the results of the analysis above, researchers can draw the following conclusions:

1. There is no significant influence between Debt to Asset Ratio on Return on Assets in food and beverage companies listed on IDX.
2. There is a significant influence between Debt to Equity Ratio on Return on Assets in food and beverage companies listed on IDX.
3. There is a significant simultaneous influence between Debt to Asset Ratio and Debt to Equity Ratio on Return on Assets in food and beverage companies listed on IDX.

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