



The Influence of Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners on Financial Performance in Agricultural Sector Companies Listed on the Indonesia Stock Exchange for the 2014-2019 Period

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ABSTRACT

The purpose is to examine and analyze how the influence of Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners on Financial Performance. This population is agricultural sector companies totaling 21 companies. The research sample got 8 companies with purposive sampling technique. This statistical method is multiple linear. The results of the study indicate that Liquidity, Leverage, Corporate Social Responsibility and Independent Board of Commissioners have no effect on Financial Performance. While Total Asset Turnover has a significant effect on Financial Performance. And simultaneously Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners have an effect on Financial Performance. The magnitude of the coefficient of determination is 49, 7% while the remaining 50.3% Financial Performance is explained by other variables not examined in this study. The conclusion of this study is that only Total Asset Turnover has a significant effect on financial performance in agricultural sector companies listed on the Indonesia Stock Exchange for the 2014-2019 period.

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1. Introduction

Currently, Indonesia's economy is slowing down because almost all sectors of the capital market are affected by the corona virus, including the agricultural sector. As a result, investment in Indonesia is experiencing obstacles because investors always view the Indonesian economy as an information base before deciding to invest in Indonesia. One of the information that is of concern to investors is: company's financial performance. This aspect is an important and main factor that makes investors believe in the company's success in creating profits for the investors themselves.

Financial performance can be seen in the financial statements and expressed as Return On Assets which are usually used to monitor the company's progress on a regular basis. The rate of return on assets as a rate of return that provides information about management's efforts to use total assets to earn a profit. The higher the rate of return on assets has an impact on increasing financial capacity.

The preparation of financial data shows financial performance and is represented by *Return On Assets* which is usually aimed at monitoring the company's progress on a regular basis. ROA as a rate of return whose measurement uses total assets to generate large profits. The greater the rate of return on assets can provide large profits.

Liquidity is seen in the Current Ratio. If short-term debt is repaid, it shows high liquidity, it will improve financial performance. Leverage is seen in the Debt to Equity Ratio. If you can manage leverage properly, it means you can reduce the cost of debt, then your financial performance will increase. Total asset turnover describes the ability to maximize the company's assets. If the total asset turnover rate is higher then the company's asset management is more effective in increasing sales, so that financial performance will be



higher. Corporate Social Responsibility (CSR) is a plan to balance corporate profits (including government, employees and consumers). If corporate social responsibility increases, it means good reputation then financial performance will also increase. The board of commissioners is a corporate structure that advises or directs management to be effective in managing operations. If this continues to grow, it means that the possibility of profit is getting bigger and financial performance will improve.

Industries engaged in agriculture have a vital role in improving economic performance nationally, because from January 2020 to April 2020 the performance of agricultural exports was very good in its development. Even if exports of agricultural products increase, the profits from selling agricultural products in the country are not very good, which makes various agricultural sector companies reduce prices due to the corona pandemic. As a result, the value of imports of agricultural products has increased, thereby reducing the operating income of the agricultural sector. For additional information, the number of exports is increasing with a trade surplus in agricultural products in the 2020 quarter.

To clarify the financial performance of agricultural sector companies, it can be seen in the following research phenomenon data table.

Table 1
Research Phenomenon (Millions of Rupiah)

Code	Period	Current asset	Total Amount of debt	Sales	Item Disclosure Amount	Number of Independent Commissioners	Net Profit After Tax
AALI	2014	2,403,615	6,720,843	16,305,831	18	2	2,621,275
	2015	2,814,123	9,813,584	13,059,216	18	3	695,684
	2016	4,051,544	6,632,640	14,121,374	18	3	2,114,299
	2017	4,245,730	6,398,988	17,305,688	21	3	2,113,629
	2018	4,500,628	7,382,445	19,084,387	21	2	1,520,723
	2019	4,472,011	7,995,597	17,452,736	21	2	243.629
DSNG	2014	2,402,841	4,881,157	4,898,479	15	2	649,794
	2015	2,315,276	5,346,254	4,425.060	15	2	302,519
	2016	1,753,048	5,478,977	3,942,024	20	3	252,040
	2017	1,739,837	5,086,326	5,159,911	26	3	587,988
	2018	2,397,920	8,079,930	4,761,805	29	3	427,245
TBLA	2019	1,932.531	7,889,229	5,736,684	29	3	178,164
	2014	2,860,451	4,864,002	6,337,561	32	1	436,503
	2015	3,128,687	6,405,298	5,331,404	32	1	200,783
	2016	5,058,143	9,176,209	6,513,980	32	1	621,011
	2017	5,143,894	10,024,540	8,974,708	32	1	954,357
	2018	6,203,335	11,556,300	8,614,889	32	1	764,380
	2019	6,551,760	12,000,079	8,533,183	32	1	661,034

Source: BEI

2. Research methods

2.1 Research sites

The research location uses agricultural sector companies that take data from the 2014-2019 BEI with the official website <https://www.idx.co.id>.

2.2 Method Used

Quantitative approach is this research method with descriptive research type. This trait uses exploratory, that is, this observation looks at the hypothetical relationship from research data or existing theories.

2.3 Population and Sample

Researchers chose the agricultural industry totaling 21 companies during the observation period with the following criteria:



Table 2.
Sample Selection Criteria

No	Keterangan	Jumlah
1	Perusahaan yang terdaftar di Bursa Efek Indonesia selama periode 2014-2019	21
2	Perusahaan yang tidak memberikan laporan keuangan berturut-turut selama periode 2014-2019	(3)
3	Perusahaan yang mengalami kerugian berturut-turut selama periode 2014-2019	(10)
Jumlah perusahaan yang terpilih menjadi sampel penelitian		8
Total sampel penelitian (8 x 6)		48

Sumber : Data Diolah, 2020

Based on From the above, the total researched is 48 company data which is calculated from 8 companies with a period of 6 years, namely the 2014-2019 period.

2.4 Classic assumption test

Entering the next analysis process, then the first step must meet the classical assumptions in order to get the best model. There are 4 steps to get past the classic assumption are:

a. Normality test

The purpose of this normal test is to minimize data errors that occur in the regression. Normality of the data can be observed through statistical analysis of KS and graph analysis.

b. Multicollinearity Test

It is necessary to use this test in order to find the similarity of the relationship of each independent variable in the regression model.

c. Heteroscedasticity Test

This test checks for uneven residual variance from one observation to another. How to look at the Scatterplot image mode to see how to estimate whether there is heteroscedasticity in the model.

d. Autocorrelation Test

The goal is to test whether there are errors in the previous period within a certain period of time. Test the autocorrelation by using the Run Test test.

2.5 Multiple Linear Regression Analysis

This study uses the equation formula, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Information :

Y = Financial Performance

a = Constant

X1 = Liquidity

X2 = *Leverage*

X3 = Total Asset Turnover

X4 = *Corporate Social Responsibility*

X5 = Independent Board of Commissioners

b1, ... b5 = variable regression coefficient

e = Standard error

2.6 Hypothesis testing

After knowing the results above, the next step is to prove it by:

a. Partial Test (t Test)

To test how each independent variable (Xi) has an impact on the dependent variable (Y), it is necessary to do a partial significance test. The criteria for partially testing the hypothesis is that if tcount is greater than > ttable, then the hypothesis is accepted and vice versa. If tcount < ttable, the hypothesis is rejected.

b. Simultaneous Significance Test (F Test)

Testing all the regression coefficients at the same time is usually called testing the F test model. The criteria for testing the hypothesis simultaneously are if Fcount is greater than Ftable, so the hypothesis is accepted and vice versa if Fcount is smaller than Ftable, the hypothesis is rejected.

c. Coefficient of Determination Test

This coefficient explains the overall relationship of the dependent variable (Y) with the independent variable. This value uses the Adjusted R Square column as a prediction of the coefficient of determination.

3. Research Results and Discussion

3.1 Descriptive statistics

These statistics provide an overview of the data studied which can be seen in the following descriptive statistics, namely:

Table 3
Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas	48	.5813	7.2471	2.371133	1.8677651
Leverage	48	.1657	2.6826	1.107290	.7874741
Perputaran Total Aset	48	.2767	1.8437	.683852	.4097470
Corporate Social Responsibility	48	.1099	.3516	.232819	.0700627
Dewan Komisaris Independen	48	.2500	.5000	.388600	.0809818
Kinerja Keuangan	48	.0010	.1830	.060773	.0436083
Valid N (listwise)	48				

Based on the table above, it proves that from 48 observational data, information is obtained that each variable has an even distribution of data because the mean is higher than the standard deviation.

3.2 Classic Assumption Test Results

When testing multiple linear, it is necessary to meet the requirements of the classical assumptions in order for this regression model to be valid so that the research can be continued. The results of this study use data after outliers due to get better regression results.

a. Normality test

There are two ways to know this test, namely through statistical analysis (Kolmogorov Smirnov) and graph analysis (Histogram Graph and P-Plot Normality Graph). The results of the normality test are as follows:

Table 4
Kolmogorov Smirnov . Test Results

		Unstandardized Residual
N		39
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.02629673
Most Extreme Differences	Absolute	.130
	Positive	.089
	Negative	-.130
Kolmogorov-Smirnov Z		.811
Asymp. Sig. (2-tailed)		.526

a. Test distribution is Normal.

b. Calculated from data.



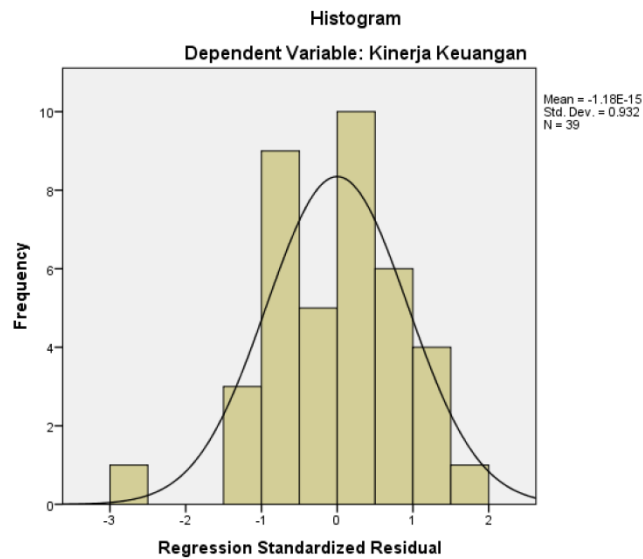


Fig 1. Histogram Graph

Normal P-P Plot of Regression Standardized Residual

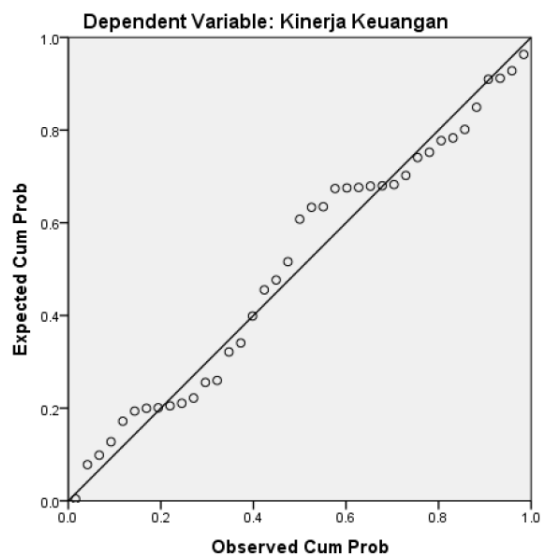


Fig 2. PP Plot Normality Graph

The results of normality in statistical analysis (Kolmogorov Smirnov) have data values of Sig. 0.526 > 0.05. And through analysis, the two graphs have shown that the distribution pattern is not skewed (left or right) or resembles a bell and the distribution of pattern points on the Normality PP Plot graph has followed or is approaching the direction of the existing sloping line. From the three results of the normality test, it has been proven that the data is normally distributed and does not violate the classical assumptions.

b. **Multicollinearity Test**

This test method uses the Tolerance value and the VIF value to see whether or not there are similarities between variables. This output can be seen, namely:

Table 5
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
Likuiditas	.435	2.300
Leverage	.418	2.391
1 Perputaran Total Aset	.941	1.063
Corporate Social Responsibility	.780	1.282
Dewan Komisaris Independen	.503	1.986

a. Dependent Variable: Kinerja Keuangan

The table data above shows that each independent variable consisting of Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners has a Tolerance value exceeding 0.1 and VIF < 10.

c. Autocorrelation Test

This test can describe whether there is a relationship with the previous variable using the Run Test and can be seen as follows:

Table 6
Autocorrelation Test Results

	Unstandardized Residual
Test Value ^a	.00771
Cases < Test Value	19
Cases >= Test Value	20
Total Cases	39
Number of Runs	21
Z	.004
Asymp. Sig. (2-tailed)	.997

a. Median

From the data above, with a total of 37 cases, the data shows that the value of Sig. Run Test 0.997 > 0.05, it is concluded that the null hypothesis (H0) is accepted, which means that there is no autocorrelation problem.

d. Heteroscedasticity Test

The heteroscedasticity test is known from the Scatter plot image and the Glejser test which can be seen in the table of this study, namely:



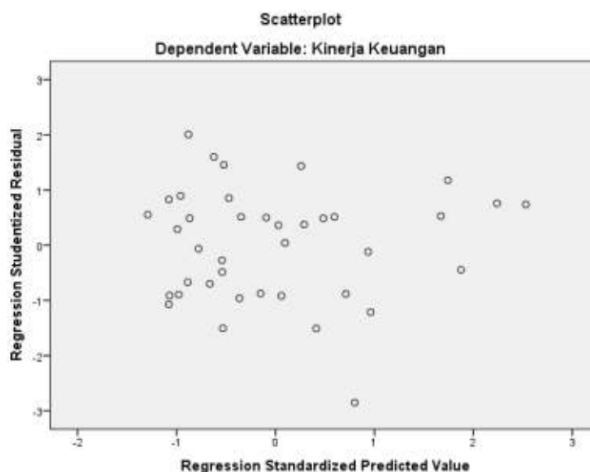


Fig 4. Scatter Plot Chart

Table 7.
Glejser Test Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.004	.028		.137	.892
Likuiditas	.002	.002	.267	1.105	.277
Leverage	.005	.004	.261	1.063	.295
1 Perputaran Total Aset	-.015	.014	-.176	-1.075	.290
Corporate Social Responsibility	-.051	.043	-.214	-1.188	.243
Dewan Komisaris Independen	.076	.043	.402	1.796	.082

a. Dependent Variable: Absres

The data above shows that the scatterplot graph has a data pattern that scatters without forming a specific pattern and the value of Sig. the glejser test on the independent variables consisting of Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners has Sig. > 0.05, then the analysis of this test has not found the symptoms of this test.

3.3 Multiple Linear Regression Analysis

This method uses multiple linear regression analysis by taking into account the coefficient values that can be seen from the processed data in Table 8:

Table 8
Multiple Linear Regression Analysis Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.032	.055		.572	.571
Likuiditas	.003	.004	.125	.719	.477
Leverage	-.010	.008	-.212	-1.192	.242
1 Perputaran Total Aset	.133	.028	.558	4.704	.000
Corporate Social Responsibility	-.119	.085	-.183	-1.403	.170
Dewan Komisaris Independen	-.021	.085	-.040	-.246	.807

a. Dependent Variable: Kinerja Keuangan

From Table 8, the formula formed is as follows:

Financial Performance = 0.032 + 0.003 Liquidity - 0.010 Leverage + 0.133 Total Asset Turnover - 0.119 Corporate Social Responsibility - 0.021 Independent Board of Commissioners

3.4 Hypothesis testing

a. t test (Partial)

The t-test compares the value of tcount with ttable and the value of Sig. with an error rate of 5% which is known to be processed as follows:

Table 9.
Statistical Test Results t
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.032	.055		.572	.571
Likuiditas	.003	.004	.125	.719	.477
Leverage	-.010	.008	-.212	-1.192	.242
1 Perputaran Total Aset	.133	.028	.558	4.704	.000
Corporate Social Responsibility	-.119	.085	-.183	-1.403	.170
Dewan Komisaris Independen	-.021	.085	-.040	-.246	.807

a. Dependent Variable: Kinerja Keuangan

Based on Table 9 shows that only the Total Asset Turnover variable has a significant influence on Financial Performance where the value of tcount > ttable 2.034 and Sig. < 0.05. Instead, Liquidity, Leverage, Corporate Social Responsibility and Independent Board of Commissioners have no significant influence on Financial Performance with tcount < ttable 2.034 and Sig. > 0.05.

b. F Test (Simultaneous)

This test looks at the value of Fcount with Ftable and the value of Sig. with an error rate of 5% as seen in the following SPSS results:



Table 10.
F . Test Results
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.034	5	.007	8.524	.000 ^b
	Residual	.026	33	.001		
	Total	.060	38			

a. Dependent Variable: Kinerja Keuangan

b. Predictors: (Constant), Dewan Komisaris Independen, Perputaran Total Aset, Corporate Social Responsibility, Likuiditas, Leverage

The results of this F test can prove that Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners have a significant effect on Financial Performance with $F_{count} > F_{table 2.50}$ and $Sig. < 0.05$.

c. Coefficient of Determination

This calculation is proven in the adjusted R square column which is seen in the following output:

Table 11.
Coefficient of Determination Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751 ^a	.564	.497	.0282187

a. Predictors: (Constant), Dewan Komisaris Independen, Perputaran Total Aset, Corporate Social Responsibility, Likuiditas, Leverage

Table 11 shows that 49.7% of financial performance can be explained by Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners while the remaining 88.7% financial performance can be explained by other variables that are not in this regression.

3.5 Discussion of Research Results

a. The Effect of Liquidity on Financial Performance

Testing the effect of liquidity on financial performance has proven that there is no effect and is not significant due to the presence of liquid data in most of the samples studied. This means that the level of creditor guarantees can be seen from the company's ability to pay current debts through the management of current assets. This result is in line with Pramesti's research (2018) which says that liquidity has no effect and is not significant on financial performance.

b. The Effect of Leverage on Financial Performance

Testing the effect of leverage on financial performance has proven that there is no effect and is not significant because the debt composition is greater than the capital owned. In the face of weak capital conditions, debt inflation makes the main focus of earning profits non-existent, so the lack of efficiency of the company's performance in optimizing capital for guarantees has little impact on all company debt. This result is in line with the research by Wartiningtyas (2015) which states that Leverage has no effect and is not significant on financial performance

c. The Effect of Total Asset Turnover on Financial Performance

Testing the effect of total asset turnover on financial performance has proven that there is a significant effect because on the one hand there are other assets, on the other hand, efforts will be made to increase or decrease asset sales with relatively declining assets, so that sales can increase relatively significantly. In other words, the greater the total asset turnover rate, the better, because all assets are used to support

sales activities more efficiently. These results are in line with research Puspitarini (2019) which states that Total Asset Turnover has a significant effect on Financial Performance

d. The Influence of Corporate Social Responsibility on Financial Performance

Testing the influence of Corporate Social Responsibility on financial performance has proven that there is no influence and is not significant due to the low public understanding of corporate social responsibility activities causing the low level of awareness of the general public. This means that even though the company has paid attention to its social environment, the business will not have a significant influence on the company's financial performance. These results are in line with research Prastuti (2019) which states that Corporate Social Responsibility has no effect on Financial Performance

e. Influence of Independent Board of Commissioners on Financial Performance

Testing the influence of the independent board of commissioners on financial performance has proven that there is no influence and is not significant because there is no impact of management supervision on the company's financial performance. This means that the proportion of the number of independent commissioners has not been able to guarantee the normal functioning of the company's internal controls, including management as well as decision makers. The purpose of selecting independent commissioners is to strengthen supervision in order to create transparent business activities and avoid illegal actions by management. However, the appointment of independent commissioners is usually seen as a form of GCG implementation, and it is seen that some companies still have independent commissioners.

4. Conclusion

The conclusion of these results are:

- a. The first hypothesis proves that liquidity has no effect and is not significant on financial performance.
- b. The second hypothesis shows that Leverage has no effect and is not significant on Financial Performance.
- c. The third hypothesis shows that Total Asset Turnover has a significant effect on Financial Performance.
- d. The fourth hypothesis shows that Corporate Social Responsibility has no and no significant effect on Financial Performance.
- e. The fifth hypothesis shows that the Independent Board of Commissioners has no and no significant effect on Financial Performance.
- f. The sixth hypothesis proves that Liquidity, Leverage, Total Asset Turnover, Corporate Social Responsibility and Independent Board of Commissioners have a significant effect on Financial Performance.

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