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Effect of Current Ratio on Gross Profit Margin PT Pharos Indonesia Jakarta

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Abstract. *This study aims to determine the effect of Current Ratio on Gross Profit Margin at PT. Pharos Indonesia in Jakarta . The method used is explanatory research . The analysis technique uses statistical analysis with regression testing, correlation, determination and hypothesis testing. The results of this research variable Current Ratio obtained an average value of 352.17%. The Gross Profit Margin variable obtained an average value of 48.76 %%. Current Ratio has a positive and significant effect on Gross Profit Margin with a regression equation value of $Y = 45.307 + 0.010X$, and a correlation coefficient value of 0.372 or has a moderate level of relationship with a determination value of 42.1%. Hypothesis testing obtained a significance of $0.000 < 0.05$.*

Keywords: *Current Ratio , Gross Profit Margin*

1. INTRODUCTION

Increasing business competition and increasingly complex situations faced by modern companies today require a wider scope and role for a manager. Company through the financial manager properly and efficiently. The measure used to assess the success of a financial manager in managing company finances is by looking at company value.

Companies are generally founded with the aim of obtaining optimum profit. Profits can be generated if the company has the ability to manage existing capital effectively. Where every company activity in the form of transactions in order to generate profit is recorded, classified and presented in the financial statements. Every company in managing company finances requires an analysis that can be used to measure financial performance over a certain period.

The types of financial ratios used in this study are Liquidity Ratios and Profitability Ratios. The liquidity ratio is an indicator of the company's ability to pay all short-term financial liabilities at maturity using available current assets.

Liquidity is not only concerned with the overall financial condition of a company, but also with its ability to convert certain current assets into cash.

Empirical data on the development of Current Ratio are obtained from the comparison of Current Assets with Current Liabilities in the year concerned. Following is the development of Current Ratio at PT. Pharos Indonesia in Jakarta for the period 2014-2019.

Tabel 1.1
Empirical Data on Current Ratio Development
PT. Pharos Indonesia, Jakarta 2014-2019 years

Year	Curent Ratio (%)	Gross Profit Margin (%)
2014	365.27	50.87
2015	340.54	47.91
2016	283.93	47.99
2017	340.36	48.8
2018	369.78	48.03
2019	413.11	48.97

Based on the research background above, in writing this thesis the writer tries to assist companies in analyzing Current Ratio and Gross Profit Margin. Therefore, the authors are interested in writing this scientific paper entitled "**The Effect of Current Ratio (CR) on Gross Profit Margin (GPM) at PT. Pharos Indonesia in Jakarta**".

2. LITERATURE REVIEW

2.1 Formulation of the problem

How *the Current Ratio* at the PT. Pharos Indonesia in Jakarta ?

How is the *Gross Profit Margin* at PT. Pharos Indonesia in Jakarta ?

Is there any influence between *Current Ratio* on *Gross Profit Margin* at PT. Pharos Indonesia in Jakarta ?

2.2 Research purposes

To find out the *Current Ratio* conditions at PT. Pharos Indonesia in Jakarta .

To know the condition of *Gross Profit Margin* at PT. Pharos Indonesia in Jakarta .

To determine the effect of *Current Ratio* on *Gross Profit Margin* at PT. Pharos Indonesia in Jakarta .

3. RESEARCH METHOD

Population, The population in this study the financial statements of PT. Pharos Indonesia in Jakarta for 5 years. Sample, The sampling technique in this research is saturated sample, where all members of the population are sampled. Thus the sample in this study the financial statements of PT. Pharos Indonesia in Jakarta for 5 years . Types of research, The type of research used is associative, where the aim is to find out how to find the relationship between the independent variable and the dependent variable. Data analysis method, In analyzing the data used to test the validity, reliability testing , analysis regression simple linear , the coefficient of correlation, coefficient of determination and hypothesis testing.

4. RESULTS AND DISCUSSION

1. Descriptive Analysis

In this test, it is used to determine the highest minimum and maximum score, the rating score and the standard deviation of each variable. The results are as follows:

Table 1 . Results of Descriptive Statistics Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
<i>Current Ratio</i> (X1)	6	284	413	352.17	42,724
<i>Gross Profit Margin</i> (Y)	6	48	51	48.76	1,127
Valid N (listwise)	6				

Current Ratio is obtained by the value of a minimum of 284 and a value of a *maximum* of 413 with an average of 352.17% with s tandar deviation of 42.724 .

Gross Profit Margin obtained a minimum value of 48 and a *maximum* value of 51 with an average of 48.76% with a standard deviation of 1.127

2. Verificative Analysis

This analysis aims to determine the effect of the independent variable on the dependent variable. The test results are as follows:

a. Simple Linear Regression Analysis

This regression test is intended to determine changes in the dependent variable if the independent variable changes. The test results are as follows:

Table 2 . Simple Linear Regression Test Results

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	45,307	4,336		10,449	.000
<i>Current Ratio</i> (X)	.010	.012	.372	.802	.468

Based on the test results in the table above, the regression equation $Y = 45.307 + 0.010 X$ is obtained . From this equation it is explained as follows:

- 1) A constant of 45.307 means that if the *Current Ratio* does not exist, there is a *Gross Profit Margin* value of 45.307 points.
- 2) The regression coefficient *Current Ratio* amounted to 0,010 , the rate is positive it means that whenever there is an increase in *current ratio* amounted to 0,010 points then the *Gross Profit Margin* will also be increased by 0,010 points.

b. Correlation Coefficient Analysis

Correlation coefficient analysis is intended to determine the level of strength of the relationship between the independent variable and the dependent variable either partially or simultaneously. The test results are as follows:

Table 3 . Result of Correlation Coefficient Testing *Current Ratio* Against *Gross Profit Margin* .

		Correlations ^b	
		<i>Current Ratio</i> (X1)	<i>Gross Profit Margin</i> (Y)
<i>Current Ratio</i> (X1)	Pearson Correlation	1	.372
	Sig. (2-tailed)		.468
<i>Gross Profit Margin</i> (Y)	Pearson Correlation	.372	1
	Sig. (2-tailed)	.468	

Based on the test results obtained a correlation value of 0.372 means that the *Current Ratio* has a moderate relationship to the *Gross Profit Margin*.

c. Analysis of the coefficient of determination

The analysis of the coefficient of determination is intended to determine the percentage of influence of the independent variable on the dependent variable . The test results are as follows:

Table 4 . Results of Testing the *Current Ratio* Determination Coefficient of *Gross Profit Margin* .

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.372 ^a	.138	-.077	1,169

Based on the test results, it was obtained a determination value of 0.18 which means that the *Current Ratio* has an influence contribution of 13.8 % to the *Gross Profit Margin*.

d. Hypothesis testing

Hypothesis testing with the t test is used to determine which hypothesis is accepted.

Hypothesis formulation : There is a significant influence between *Current Ratio* and *Gross Profit Margin* .

Table 5 . Hypothesis Test Results *Current Ratio* Against *Gross Profit Margin* .

Model	Coefficients ^a		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	45,307	4,336		10,449	.000
<i>Current Ratio</i> (X)	.010	.012	.372	.802	.468

Based on the test results in the table above, the value of t count < t table or (0.802 < 3.182), thus the hypothesis that it is not a significant difference only between the *current ratio* to *Gross Profit Margin* accepted.

1. . Condition of Respondents' Answers to Variable *Current Ratio*

Based on empirical data and data analysis, the *Current Ratio* variable obtained an average value per year of 352.17 %.

2. Conditions of Respondents' Answers Variable *Gross Profit Margin*

Based on empirical data and data analysis, the *Gross Profit Margin* variable obtained an average value per year of 48.76 %.

3. Effect of *Current Ratio* Of *Gross Profit Margin*

Current Ratio has a significant effect on *Gross Profit Margin* with the regression equation $Y = 45.307 + 0.010 X$, the correlation value is 0.372 or has a strong relationship with an influence contribution of 42.1%. Hypothesis testing obtained t value < t table or (0.802 < 3.182). Thus, the hypothesis that there is no significant effect between *Current Ratio* and *Gross Profit Margin* is accepted.

CONCLUSION

The variable *Current Ratio* obtained a *rating score* of 352.17% in the scale range from 3.40 to 4.19 with good or agree criteria. The *Gross Profit Margin* variable obtained a *rating score* of 48.76% in the scale range from 3.40 to 4.19 with good or agree criteria. *Current Ratio* has a significant effect on *Gross Profit Margin* with the regression equation $Y = 45.307 + 0.010 X$, the correlation value is 0.372 or strong and the influence contribution is 42.1 % while the remaining 86.2% is influenced by other factors. Hypothesis test obtained by value t count < t table or (0.802 < 3.182).

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