The Influenceof DER and CR on EVA at PT Adhi Karya (Persero), Tbk from 2012 to 2022

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Abstract

The purpose of this research is to find out how much influence DER and CR have on EVA at PT. Adhi Karya (Persero) Tbk. partially and simultaneously. The population and sample data used in this research are financial report data in the form of balance sheets and profit and loss at PT. Adhi Karya (Persero) Tbk for the period 2012 to 2022. The research methodology used is a quantitative descriptive analysis method. The data used is secondary data. Hypothesis testing is carried out using the F test and t test. with a significance level (α) of 5%. Data analysis used statistical data processing software, namely EVIEWS version 12. The results of the study showed that partially the DER) did not have a significant effect on EVA but the CR has no significant effect on EVA. Simultaneously, DER and CR have no significant effect on EVA.

Keyword: Debt to Equity Ratio*; *Current Ratio*; *Economic Value Added

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Background

The challenge for a construction company is competitiveness and experience that has been proven through the success of various types of construction projects. The Adhi construction company is not slowing down its pace, in fact the company is increasing its performance to take advantage of opportunities, especially in the construction of tall buildings. by establishing Adhi Persada Gedung as a subsidiary.

The company's current opportunities for growth in the construction industry still have potential for the next few years. Although the growth is not too high. This industry is estimated to still provide a relatively stable contribution. This is in line with government support through increasing government spending in the infrastructure sector.

The development of financial position has a very important meaning for the company. Large or small scale companies will have great attention in the financial sector. especially in the increasingly advanced development of the business world. Competition between one company and another is getting tighter. not to mention the uncertain economic conditions causing many companies to suddenly go bankrupt.

The current business world in the increasingly competitive era of globalization requires companies to be able to adapt in order to avoid bankruptcy and excel in competition. To anticipate this competition. Companies must maintain and improve their performance as an effort to maintain business continuity. Efforts that must be made are to implement various strategic policies that produce efficiency and effectiveness for the company. This business requires quite a bit of capital. which includes efforts to obtain and allocate these funds optimally. One place to obtain these funds is through the capital market. "One of the investment platforms that can be used by both parties is the Financial Market. The Financial Market consists of the Money Market and Capital Market. The Money Market is concerned with the provision of short-term funds while the Capital Market is concerned with the provision of long-term funds" (Sutrisno.2013:309)

PT Adhi Karya had big current ratio (Khaerunnisa & Hermuningsih, 2023). DER had effect on stock price meanwhile ROA had no effect (Rahmawati & Fahriansyah, 2023). ROE, NPM and ROA are under industry's performances. Equity multiplier had increased. It shows that the assets are funded by liabilities because of the unstable performance's PT Adhi Karya (Bangun, 2023). The interesting problem in this research is that PT Adhi Karya Tbk add the value to investors. The indicator uses Economic Value Added.

Business and investment are activities that always go together in Indonesia. Apart from that, developments over time have also placed the capital market in an increasingly important role in increasing national economic growth and are one of the largest means of capital formation and a place to allocate funds that can be directed to increasing community participation to support financing for national development. Considering the function of the capital market as a meeting place for parties who need funds and parties who want to invest their capital. If the movement of public funds through financial institutions and capital markets can run well. then development funds sourced from abroad are increasingly reduced. This encourages the establishment of large companies and the establishment of capital markets as one of the supporting factors for economic growth in a country in making the development of economic sectors more developed which will increase a country's income. According to Fahmi (2015:48) "the capital market is a place for various parties (especially companies) to sell shares and bonds."

The capital market is currently attracting the attention of potential investors and capital owners to invest in the capital market. They need to obtain a number of information related to the company's income from all aspects in order to be able to make decisions about which company shares are worth owning. Because investing in shares is a type of investment that carries high risk even though it promises relatively large profits. Securities issued by companies are traded on the capital market. The company that issues these securities is called the issuer. while the party who buys securities means investing his capital in the company that issues the securities.

Financial reports are needed by companies to determine the success of profits obtained. This report is created to provide information about a company's financial condition. The information contained in financial reports functions to assist management in formulating and considering decision making in company finances. Besides that. Financial reports are also a benchmark for management's success in carrying out operations during a one year period. Management can observe the development conditions of a company through financial performance and analyze financial reports using financial ratios.

Financial ratios are used to compare numbers in financial reports by dividing one number by another number. Comparisons can be made between one components with components in one financial report or between components between reports finance. Then the numbers being compared can be numbers in one period or several periods (Kasmir. 2017). In this case the author takes the Current Ratio for the liquidity ratio. Debt to Equity Ratio for solvency ratio. and Economic Value Added for profitability ratios. Economic value added reflects the residual profit remaining after the cost of all capital. including equity capital. has been deducted. while accounting profit is determined without charging a charge for equity capital. Positive economic value added indicates that the company has succeeded in creating value for the market and capital owners because the company can generate a higher rate of return compared to the cost of capital. A negative Economic Value Added indicates that the value of a company decreases because returns are lower than the level of the cost of capital (Wiagustini. 2010:95). Increasing EVA means that investments will generate profits above the cost of capital so that it will attract more investors to invest in the company (Wiagustini. 2010:95-99). so there is a positive influence between EVA and stock returns. This is also supported by the results of research conducted by Ismail (2011) and Sharma & Kumar (2010). which states that there is a positive influence between EVA on returns share.

The current ratio is used to measure a company's ability to pay short-term obligations or debts that are due immediately when they are billed as a whole using available current assets. Short-term obligations are usually within one year. This means that this debt must be repaid immediately within a year. The current debt component consists of trade payables. bank debt within one year. salary debt. fees received in advance. dividend payable. as well as other short-term debt (Kasmir. 2017). The greater the Current Ratio, the higher the company's ability to pay its short-term obligations. However, if it is too high, it is not very good because it shows bad management because there is an excess of current assets that should be used to pay dividends. make investments that can generate higher rates of return and pay off long-term liabilities.

Debt to Equity Ratio is used to assess debt against equity. This ratio is found by comparing all debts. including current debt with all equity. This ratio is used to find out every rupiah of own capital used as collateral for debt (Kasmir. 2017). Debt to Equity Ratio is information about how much the owner's funds can be used by creditors as a basis for determining the level of creditor security. The greater the Debt to Equity Ratio, it indicates that the capital structure of the business uses more debt than the company's own equity. The greater the Debt to Equity Ratio value reflects the company's high risk so that potential investors avoid shares that have a high Debt to Equity value. If a company uses more debt than equity. This will increase the risk borne by shareholders and here we will explain the comparison between the influence of the Current Ratio. Debt to Equity on Economic Value Added with the influence of the Current Ratio. Debt to Equity to Economic Value Added.

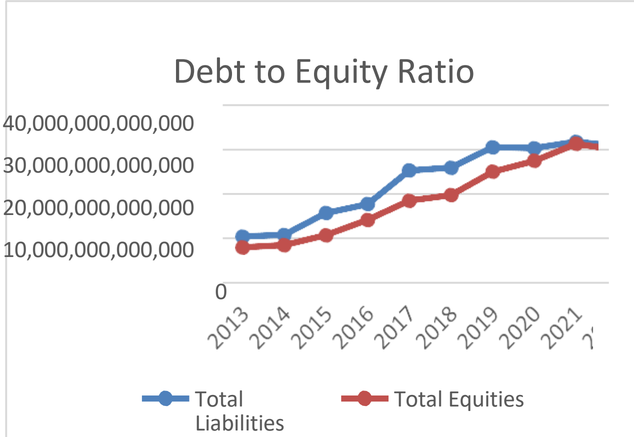

Figure 1 Total Liabilities and Total Equities

Based on figure 1, it shows that Total Debt is experiencing an unstable condition, namely an increase occurs every year. Meanwhile, Total Equity also experienced an increase from 2012 to 2019, then in 2020 total equity decreased by 5,574,810,447,358.

Debt to Equity Ratio shows the level of financial independence of a company related to debt. The higher the debt to capital ratio. the higher the amount of company debt that must be paid to pay off both short-term and long-term debt. Therefore. Companies with a small debt to equity ratio will find it easier to get funding from investors because the company has small debt obligations so it can benefit investors who will provide loans.

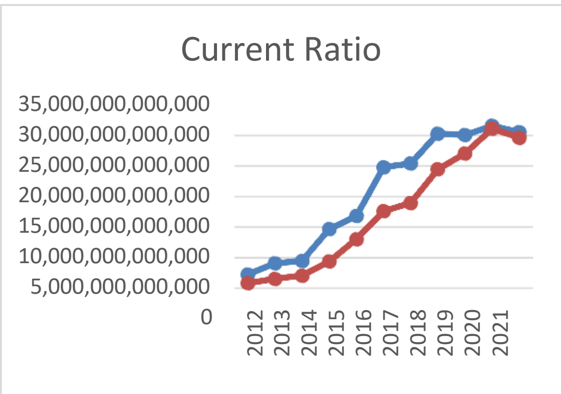

Figure 2 Current Assets and Current Liabilities

Based on figure 2, it can be concluded that current assets have increased every year, namely from 2012 to 2021 by IDR. 31,600,942,926,217 . and the value of current debt also increased every year from 2012 to 2021 by IDR. 31,127,451,942,313.

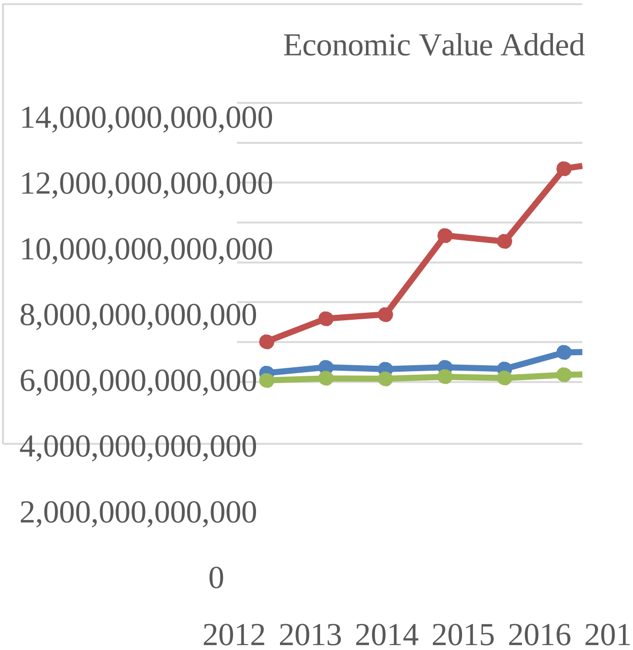

Figure 3 Economic Value Added

Based on table and figure 3, it shows that Economic Value Added is experiencing a stable condition. There was an increase from 2012 to 2020, then in 2021 there was a decrease. A company is said to be healthy if its Economic Value Added increases every year. With this increase. Companies can make good use of the assets they have to generate profits. Companies can utilize these assets to increase sales which affects revenue. An increase in income can affect net profit each year. However, if you pay attention to the table above, from 2012 to 2022, PT Adhi Karya Tbk's Economic Value Added.

Based on the description above. So the author is interested in finding out more about "The Influence of the Current Ratio and Debt To Equity Ratio on the Economic Value Added of PT ADHI KARYA TBK in 2012-2022"

Literature Review

Financial management

Management is a planning and organizing process. Direction and supervision in an organization with the resources it has to achieve goals effectively and efficiently. According to Hery (2018:7) that management is the process of coordinating work activities efficiently and effectively. With and through other people.

Every company must have a special field that deals with it, namely financial management. According to Musthafa (2017:3). Financial management explains several decisions that must be made. Namely investment decisions. Funding decisions or decisions to fulfill funding needs. And dividend policy decisions. Financial management is all company activities related to planning. Management. Storage. And management of funds and assets owned by a company.

Based on the understanding of several experts above, it can be concluded that management is a science that studies an organization or company effectively and efficiently in order to achieve goals through the processes of planning, organizing, directing and supervising.

Financial statements

Financial reports are the result of company financial calculations which are used as a tool for communicating financial data with parties with an interest in the company. Financial reports have an important role in company finances by describing the company's financial performance or performance in good or bad conditions in a certain period.

Users of financial reports will use them to normalize. Compare and assess the financial impacts arising from the economic decisions taken. Information regarding the financial impacts that arise is very useful for users to predict. Compare and assess finances. If the value of money is unstable. It will be explained in the financial statements. Financial reports will be more useful if they report not only quantitative aspects. But includes other explanations and the information must be factual and can be measured objectively.

According to Kasmir (2017:7). "Financial reports are reports that show the company's financial condition at this time or in a certain period". The current condition of the company is the financial condition of the company on a certain date (for the balance sheet) and certain periods (for profit and loss statements).

Debt to Equity Ratio

According to Darmawan (2020:77) “Debt to equity ratio is total liabilities divided by total equity. From the perspective of the ability to pay long-term obligations. The lower the ratio, the better the company’s ability to pay long-term obligations.”

According to Harahap (2013:303) defines the Debt to Equity Ratio as follows: “The Debt to Equity Ratio describes the extent to which the owner’s capital can cover debts to outside parties.”

For banks or creditors. If this ratio is greater, the less profitable it will be because the greater the risks that may occur in the company. For companies. The bigger the ratio, the better. On the contrary. If the ratio is low, the higher the level of funding provided by the company owner and the greater the margin of safety for the borrower in the event of a loss in asset value. A good DER ratio must be below 1 or below 100%. This means that the lower the DER ratio, the better the company’s fundamental condition. Where this low ratio shows that the amount of the company’s debt is smaller than the amount of assets it owns.

Current Ratio

The current ratio or current ratio is a ratio that plays a role in measuring a company’s capability in paying debts that are due soon or short-term obligations when they are collected in full (Kasmir: 2017). In practice. The current ratio size that is considered return on 200% (2:1), which is a satisfactory or good enough size for the company. In other words. The current ratio indicates how much short-term liabilities can be covered by current assets.

According to Hanafi and Halim (2018:202) “The current ratio is calculated by dividing current assets by current liabilities. This ratio shows the amount of cash the company has plus assets that can be turned into cash within one year. Relative to the size of debts maturing in the near term (no more than one year). On a certain date as stated in the balance sheet”.

Based on some of the definitions above. It can be concluded that the current ratio is a ratio to measure a company’s liquidity in paying short-term debt with current assets owned by the company that are due in the near term (no more than one year). On a certain date like listed on the balance sheet.

If the CR is high, it can show that the company is able to pay its short-term debt and the company has sufficient assets and low risk because the company already has a budget at maturity. In this case, it means that the company has good liquidity so that the company is safe from liquidation. On the contrary. If the CR is low, it shows that the company does not have sufficient assets to pay its short-term debt, so it has a high risk of liquidation. In practice. lecture often used that the standard current ratio is 200% (2:1), which is sometimes considered a fairly good or satisfactory measure for a company. It means. The company already feels return at a safe point in the short term.

Economic Value Added

According to Wijaya and Tjun. "Economic Value Added is an internal indicator that measures the wealth of shareholders of a company within a certain period of time. EVA measures how efficiently a company uses its capital to create economic added value. Economic added value is created if the company produces a 124etur non total capital that exceeds the cost of capital."

According to van Horne to create value. The company must get a 124etur non invested capital that is greater than the cost of capital. Through the concept of Economic Value Added. EVA is a trademark for a specific approach to calculating economic profit developed by the consulting firm Stern Stewart & Co. Basically. EVA is the economic profit generated by a company after all capital costs are deducted. More specifically. EVA is net operating profit after tax (Net Operating Profit After Tax/NOPAT) minus the value of capital costs for the capital used.

Adjustments are recommended for NOPAT to better reflect the cash approach rather than the accrual accounting approach to company performance. Economic Value Added (EVA) Calculation Formula.

Research Methods

In preparing this thesis, a quantitative descriptive type of research was used, which describes the financial condition of a company expressed in numerical form over a certain period of time. According to V. Wiratna Sujarweni (2014, p. 39) quantitative research is a type of research that produces discoveries that can be achieved (obtained) using statistical procedures or other quantitative methods (measurements).

In this research the independent variables (X) are Debt to Equity Ratio (DER) and Current Ratio (CR) while the dependent variable (Y) is Economic Value Added (EVA). The data used is secondary data, namely data obtained through intermediary media or indirectly which has been created by previous researchers. The data used in this research is the annual financial report of PT Adhi Karya (Persero), Tbk.

The population used by the author in this research is the entire financial report data of PT Adhi Karya (Persero) Tbk. Which is registered on the IDX. The sampling technique used in this research is a saturated sampling technique, namely a sampling technique where the entire population is sampled in this research. The sample is the company's financial report in the form of the balance sheet and profit and loss report of PT Adhi Karya (Persero), Tbk for the period 2012-2022

Results and Discussions

Table 1 Total Liabilities , Total Equities and DER

Years	Total Liabilities	Total Equities	Debt To Equity Ratio (DER)
2012	6.691.154.665.776	1.180.918.969.692	5,666057399
2013	8.172.498.971.851	1.548.462.792.571	5,277814237
2014	8.707.338.334.630	1.751.543.349.644	4,971237701
2015	11.598.931.718.043	5.162.131.796.836	2,246926691
2016	14.652.655.996.381	5.442.779.962.898	2,692127203
2017	22.463.030.586.953	5.869.917.425.997	3,82680521
2018	23.833.342.873.624	6.285.271.896.258	3,791935061
2019	29.681.535.534.528	6.834.297.680.021	4,343026442
2020	32.519.078.179.194	5.574.810.447.358	5,83321684
2021	34.242.630.632.194	5.657.707.202.425	6,052386489
2022	32.904.169.922.451	6.045.910.442.153	5,442384606

Source. Finansial Report PT Adhi Karya (Persero)

Based on table 1, it shows that the Debt to Equity Ratio experienced an unstable condition, namely a decrease occurred from 2013 to 2015. Meanwhile, there was a very significant increase from 2018 to 2021 and decreased again in 2022.

Table 2 Current Assets, Current Liabilities, and Current Ratios

Tahun	**Current Assets**	Current Liabilities	***Current Ratio***
2012	7.283.097.472.884	5.852.574.120.387	1,244426354
2013	9.099.466.807.010	6.541.657.147.336	1,39100332
2014	9.484.298.907.925	7.069.703.612.022	1,341541234
2015	14.691.152.497.441	9.414.462.014.334	1,560487734
2016	16.835.408.075.068	13.044.369.547.114	1,290626428
2017	24.817.671.201.079	17.633.289.239.294	1,407432888
2018	25.429.544.167.566	18.964.304.189.855	1,340916277
2019	30.315.155.278.021	24.493.176.968.328	1,237697965
2020	30.090.503.386.345	27.069.198.362.836	1,11161413
2021	31.600.942.926.217	31.127.451.942.313	1,015211363
2022	30.549.562.494.144	29.635.741.703.205	1,030835091

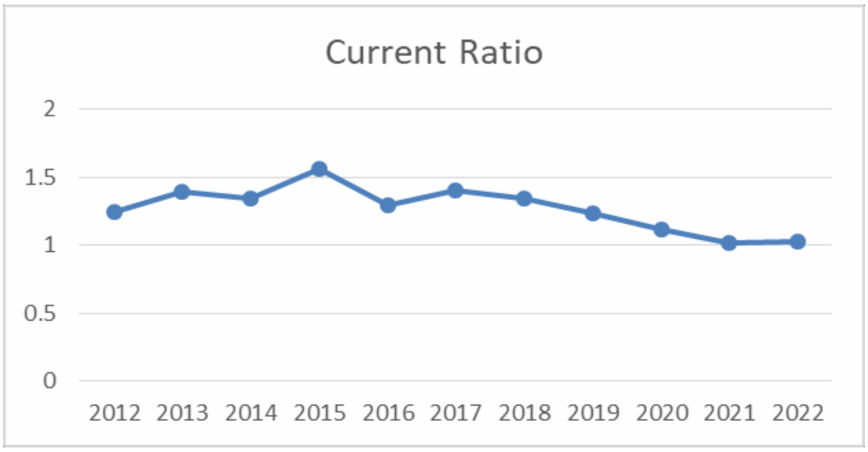

Figure 4 Current Ratio between 2012 and 2022

Figure 4 shows that CR between 2012 and 2022 move between 1-1,56. The capability PT Adhi Karya, Tbk.is able to pay the current liabilities .

Table 3 Economic Value Added

Years	NOPAT	WACC	INVESTED CAPITAL	CAPITAL CHARGES	EVA
2012	446.325.696.222	0,036649	2.019.499.515.081	74.013.060.304	372.312.635.91
2013	740.985.482.978	0,055345	3.179.304.617.086	175.959.370.355	565.026.112.62
2014	642.291.998.583	0,04621	3.389.178.072.252	156.612.670.158	485.679.328.42
2015	739.284.023.775	0,034777	7.346.601.500.545	255.494.463.874	483.789.559.90
2016	658.457.070.999	0,026792	7.051.066.412.165	188.910.258.084	469.546.812.91
2017	1.480.551.234.62	0,031881	10.699.658.773.656	341.116.630.580	1.139.434.604.0
2018	1.557.874.399.75	0,036551	11.154.310.580.045	407.700.445.254	1.150.173.954.4
2019	1.247.318.155.84	0,031233	12.022.656.246.221	375.509.602.682	871.808.553.16
2020	870.940.390.638	0,018809	11.024.690.263.716	207.367.778.594	663.572.612.04
2021	967.475.423.257	0,020276	8.772.885.892.306	177.879.067.727	789.596.355.53
2022	977.564.969.965	0,004872	9.323.238.661.399	45.427.003.831	932.137.966.134

Source: Financial Report, PT. Adhi Karya, Tbk.

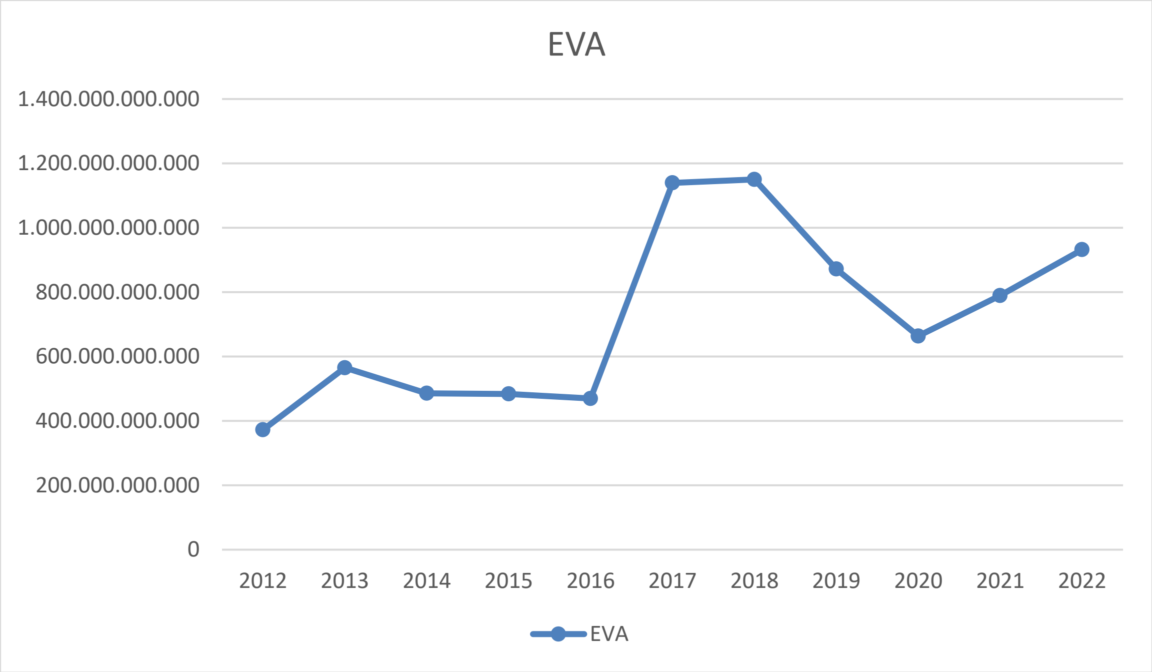

Figure 5 Economic Value Added

Figure 5 shows that EVA are positive. It means that PT Adhi Karya Tbk. is able to have added value for stockholders.

Table 4 Linear Regression Current Ratio on EVA

Variable	Coefficient	Std.Error	t-statistic	Prob.
C	1.161361	3.031328	0.383120	0.7105
X1	0.921952	0.642140	1.435749	0.1849

Table 4 shows linear regression CR on EVA.The probability shows 0.1849 above 5 percent. In conclusion, CR and EVA are not significant.

Table 5 Linear Regression DER On EVA

Variable	Coefficient	Std.Error	t-statistic	Prob.
C	18.81163	5.397485	3.485258	0.0069
X2	-10.58724	4.216617	-2.510837	0.0333

Table 5 shows the relationship DER on EVA. The relationship is significant under 5 percent.

Table 6 Linear Regression CR (X1) dan DER (X2) on EVA(Y)

F-s tatistic	2.835431
Prob(F-statistic)	0.117267

Source: EVIEWS 12

Table 6 shows probability F above 5 percent. Both of CR and DER are not significant on EVA

Discussion

The Influence of Debt To Equity Ratio (DER) and Current Ratio (CR) on Economic Value Added (EVA)/

Condition of Debt To Equity Ratio (DER) in the company PT. Adhi Karya (PERSERO). Tbk for the 2012-2022 period experiences fluctuations every year. Based on hypothesis testing using the t test. states that Ho is accepted because the Debt To Equity Ratio (DER) t is -0.263589 and the significant value is 0.7997. Using a significance level of 0.05, the DER does not affect the amount of liquid and solvable on the increase in investor economic value and the size of the debt or assets do not affect the value of investors at PT. Adhi Karya. By making a comparison, namely fcount 0.319585 < ftable 2.364 and the significant value is 0.73 > 0.05 so it can be concluded that Ho is accepted Ha is rejected meaning the Current Ratio (CR) has no negative and significant effect towards Economic Value Added (EVA) at PT. Adhi Karya (PERSERO). Tbk. 2012-2022 period.

Conclusions

Based on the research that has been carried out and the analysis that has been explained in this research entitled "The Influence of Debt To Equity Ratio (DER) and Current Ratio (CR) on Economic Value Added (EVA) at PT. Adhi Karya (PERSERO) Tbk Period 2012-2022. then you can the following conclusions are drawn: There is effect on Debt to Equity Ratio which is significant to Economic value added. There is no significant effect of the

Current Ratio on Economic Value Added. The Debt to Equity Ratio and Current Ratio do not have a significant effect simultaneously on Economic Value Added.

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