The Relationship Between Financial Ratios and Sales Performance in Listed Companies on the Indonesia Stock Exchange

Megasuciati Wardani
Universitas Mbojo Bima, Bima, Indonesia
E-Mail: megasuciatiwardani@gmail.com

Hwihanus Hwihanus
Universitas 17 Agustus 1945 Surabaya, Surabaya, Indonesia
E-Mail: hwihanus@untag.ac.id

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ABSTRACT

This research aims to analyze the relationship between working capital ratios, current ratios, debt to total assets ratios, and variables related to sales in companies listed on the Indonesia Stock Exchange. To determine the influence of working capital ratios, current ratios, and debt to total assets ratios on the sales performance of companies in the context of the Indonesian capital market. To identify factors that may affect or moderate the relationship between financial ratios and the sales performance of companies in the Indonesian capital market. This study utilizes secondary data from the Indonesia Stock Exchange (with Non-Probability sampling, specifically Convenience sampling. In this sampling technique, researchers select samples based on convenience and relevance to the variables under investigation. Data collection involves observation, structured interviews, and literature reviews. After obtaining the data, quantitative analysis will be conducted using the SPSS Version 26 application. Following the data processing, it can be concluded that the influence of financial ratios on sales indicates that all examined variables (Working Capital Ratio, Current Ratio, Debt to Total Assets Ratio, and Working Capital) significantly affect the sales of the company. This emphasizes the importance of effective financial management in enhancing sales performance. It suggests that companies need to carefully consider financial ratios and manage them effectively. For example, optimizing working capital, maintaining a balance between assets and current liabilities, and considering the appropriate capital structure for managing debt can contribute to increased sales.

Keywords*: Public company, Financial performance, Sales, Financial ratios*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis hubungan antara rasio modal kerja, rasio lancar, rasio utang terhadap total aset, dan variabel-variabel yang berhubungan dengan penjualan pada perusahaan yang terdaftar di Bursa Efek Indonesia. Untuk mengetahui pengaruh rasio modal kerja, rasio lancar rasio, dan rasio hutang terhadap total aset terhadap kinerja penjualan perusahaan dalam konteks pasar modal Indonesia. Untuk mengetahui faktor-faktor yang dapat mempengaruhi atau memoderasi hubungan rasio keuangan dengan kinerja penjualan perusahaan di pasar modal Indonesia. Penelitian ini menggunakan data sekunder dari Bursa Efek Indonesia (dengan Non-probability sampling, yaitu Convenience sampling. Dalam teknik pengambilan sampel ini, peneliti memilih sampel berdasarkan kemudahan dan relevansinya dengan variabel yang diteliti. Pengumpulan data melibatkan observasi, wawancara terstruktur, dan studi pustaka. Setelah memperoleh data maka akan dilakukan analisis kuantitatif dengan menggunakan aplikasi SPSS Versi 26. Setelah dilakukan pengolahan data maka dapat disimpulkan bahwa pengaruh rasio keuangan terhadap penjualan menunjukkan bahwa seluruh variabel yang diteliti (Rasio Modal Kerja, Current Ratio, Hutang to Total Assets Ratio, dan Working Capital) berpengaruh signifikan

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terhadap penjualan perusahaan. Hal ini menekankan pentingnya pengelolaan keuangan yang efektif dalam meningkatkan kinerja penjualan. Hal ini menunjukkan bahwa perusahaan perlu mempertimbangkan dengan cermat rasio-rasio keuangan dan mengelolanya secara efektif. Misalnya saja mengoptimalkan kerja modal, menjaga keseimbangan antara aset dan kewajiban lancar, dan mempertimbangkan struktur modal yang tepat untuk mengelola utang dapat berkontribusi pada peningkatan penjualan.

***Kata kunci**: Perusahaan publik, Kinerja keuangan, Penjualan, Rasio keuangan*

INTRODUCTION

In a competitive business environment, companies on the Indonesia Stock Exchange (BEI) continue to strive to improve their financial performance. (Mulyadi, 2014) One of the main indicators of company performance is the sales volume generated. Sales not only reflect the financial health of a company, but are also a vital benchmark in evaluating operational efficiency and the marketing strategies implemented. The company's ability to manage Working Capital is crucial in achieving sustainable sales growth. The working capital ratio, current ratio, and debt to total assets ratio are several financial ratios that are the main determinants of the efficiency of managing short-term assets and liabilities. The relationship between these ratios and sales is the main focus of this research. In companies listed on the IDX, investor interest in financial performance is very significant. These financial ratios are the main indicators used by investors to assess the financial health of a company (Nugroho, 2007). According to Chandra et SL., (2022), investors tend to have more confidence in companies with healthy financial ratios, reflecting good management and the company's ability to manage financial risks (Kusuma, 2008).

Attention to financial ratios is also related to company information disclosure. According to Pranata (2020), companies that provide transparency regarding their financial performance, including financial ratios such as working capital, current ratio, and debt to total assets ratio, tend to gain more trust from investors and other stakeholders. This can influence the level of interest of investors in carrying out the debt-to-total assets ratio on the company's shares. Apart from that, in a very dynamic capital market, attention to financial ratios is also an important factor in attracting interest in financing and loans from financial institutions. According to Widjaja et al., (2020), financial institutions tend to prefer to provide financing to companies that have healthy financial ratios, because they are considered to have lower risks. Therefore, for companies listed on the IDX, continuous monitoring of these financial ratios is not only a necessity, but also an important strategy in maintaining the company's image in the eyes of the public, attracting investor interest, and gaining easier access to financial markets. Implementation of good financial management practices can provide trust and stability, which in turn can increase a company's competitiveness in a competitive business environment (Iwan & Arisman, 2023).

The working capital ratio, which represents the difference between current assets and current liabilities, is an important factor in determining a company's ability to carry out its daily operations. Likewise, the current ratio gives an idea of how well the company can meet its short-term obligations with the assets it owns (Husna & Satria, 2019). Meanwhile, the debt to total assets ratio describes the level of debt use in company financing and its impact on financial performance, including sales, which is crucial to understand. However, there is not much research that specifically explores the relationship between working capital ratio, current ratio, debt to total assets ratio, and sales in companies listed on the IDX. Disclosure of information related to the company's financial performance and factors that influence sales can provide a clearer view for investors, company management and capital market regulators in making decisions on debt to total assets ratio and business management (Lopes & Rodrigues, 2007).

This research aims to investigate the influence of the working capital ratio, current ratio, and debt to total assets ratio on sales in companies listed on the Indonesia Stock

Exchange. An in-depth analysis of the relationship between these financial factors and sales can provide deeper insight into efforts to improve the company's financial performance as well as more effective financial management strategies. According to several financial experts, the Working Capital ratio has a crucial role in measuring the operational efficiency of a company. Under conditions where Working Capital is efficiently managed, a company can maximize its ability to fund its daily operations without having to rely on external funding sources. which emphasizes that good Working Capital management will have a positive impact on the company's liquidity, so that it can support stable sales growth (Setiawati & Veronica, 2020).

Meanwhile, the role of the current ratio in measuring a company's ability to pay its short-term obligations has become the focus of discussion among academics and financial practitioners. Husna & Satria, (2019) a high current ratio indicates that the company has good liquidity capabilities to meet its short-term obligations, but too high can also indicate inefficient use of assets. On the other hand, the influence of the debt to total assets ratio on financial performance has become an interesting topic of discussion in the scope of financial analysis (Molina-Azorín et al., 2009). Debt levels that are too high can increase a company's financial risk, but if managed well, debt can also be used as a tool to expand operations and accelerate sales growth. This opinion is also strengthened by the Modigliani-Miller theory which states that optimal capital structure can influence a company's value and operational performance. These experts' opinions underscore the importance of understanding that the influence of these financial variables on sales is not static, but is highly dependent on the strategy, industry and specific conditions of the company being observed. With a deep understanding of the interrelationship of these variables, companies can design more adaptive and effective financial strategies to improve their sales performance.

Thus, the choice of this research tsitle is not only to explore the relationship between financial variables and sales, but also to provide an important contribution to the understanding and development of more effective financial strategies in the context of the Indonesian capital market. The aim of this research is to analyze the relationship between working capital ratio, current ratio, debt to total assets ratio, and variables related to sales in companies listed on the Indonesia Stock Exchange. Then to evaluate the influence of the working capital ratio, current ratio, and debt to total assets ratio on the company's sales performance in the context of the Indonesian capital market. Also to identify factors that can influence or moderate the relationship between financial ratios and company sales performance in the Indonesian capital market.

LITERATURE REVIEW

Working Capital Ratio

The Working Capital Ratio is one of the important financial ratios in analyzing the financial health of a company. This ratio measures the difference between current assets and current liabilities of a company within a certain period of time. This concept shows how efficiently a company manages its short-term assets and liabilities to support daily operations. Current assets are assets that can be converted into money in the short term, such as cash, accounts receivable, inventory, and short-term investments. Meanwhile, current liabilities are obligations that are due within a short time, such as trade payables, bills to be paid, and other short-term debts. The Working Capital Ratio is calculated by subtracting current liabilities from current assets. A positive Working Capital Ratio indicates that current assets are greater than current liabilities, indicating that the company has good liquidity potential to meet its short-term obligations. Conversely, a negative ratio indicates that current liabilities exceed current assets, which could indicate a liquidity problem.

Working Capital Ratio is an important indicator in analyzing how well a company manages its operations. Companies that have a healthy working capital ratio can have the ability to pay short-term obligations, carry out daily operations, and face emergency situations without experiencing significant financial difficulties. The optimal level of

working capital ratio varies between industries and sectors. For example, industries with longer operating cycles such as manufacturing may require larger working capital ratios to handle larger inventories. On the other hand, a service business with more stable cash flow may have a lower working capital ratio.

The importance of the working capital ratio lies in its ability as an indicator of a company's liquidity and financial stability. Companies that have efficient working capital can utilize their liquidity for investment or expansion, while companies with poor working capital ratios may need to consider financial restructuring to improve their liquidity. Continuous monitoring of the working capital ratio is very important for company management. They can use this information to identify possible liquidity problems or to evaluate investment decisions made by the company. A careful analysis of the working capital ratio can also help management plan more effective and proactive financial management strategies to maintain the company's financial health.

Current Ratio

Current ratio is a financial ratio used to measure a company's ability to meet its short-term obligations using the current assets it owns. This ratio is an important indicator of a company's liquidity, because it gives an idea of how much current assets can be used to pay short-term liabilities in one accounting period. The current ratio calculation is carried out by comparing total current assets with total current liabilities (Pratama, 2013). A current ratio of more than 1 indicates that current assets exceed current liabilities, which indicates that the company has sufficient liquidity capacity to meet its short-term obligations. A ratio of less than 1 indicates that current liabilities exceed current assets, which could be an indication of liquidity risk. A high current ratio does not always indicate good performance, because it can also indicate that the company is not using its assets efficiently or has too much unproductive cash.

On the other hand, a low current ratio could indicate a liquidity problem or the company's inability to meet its short-term obligations. The current ratio assessment must be compared with similar industries or sector averages to get a clearer context. Each industry has different characteristics in terms of liquidity, and standard current ratios can vary significantly between these sectors (Setiawan, 2009). The importance of the current ratio lies in its role as an indicator of a company's liquidity. Company management can use information from this ratio to measure the company's ability to face short-term liabilities, make decisions regarding financial policies, and evaluate the efficiency of using its assets (Kusuma, 2008). The current ratio is also a major concern for creditors and investors. Creditors tend to prefer to provide loans to companies with a high current ratio because they demonstrate the ability to repay loans in a timely manner. Meanwhile, investors can use the current ratio as an indicator in assessing a company's financial health before making investment decisions.

Debt to Total Assets Ratio

Debt to Total Assets Ratio is a financial ratio that measures how large a share of a company's total assets is funded by debt. This ratio helps in evaluating a company's capital structure and the level of company dependence on funding using debt. The Debt to Total Assets Ratio calculation is carried out by dividing total debt by total assets. This ratio provides an overview of the percentage of company assets financed by debt. The higher this ratio, the greater the proportion of a company's assets financed by debt, which can indicate higher financial risk. A low Debt to Total Assets Ratio can indicate that the company has more assets financed by its own capital than debt. This could translate into a healthier capital structure and less financial risk due to lower reliance on debt.

A low ratio can also indicate that the company is not utilizing debt optimally to expand operations or fund profitable investments. On the other hand, a high ratio could indicate that the company has greater financial risk due to its high dependence on debt. A deep understanding of this ratio allows management to plan a more balanced capital structure. Wise use of debt can help a company in growth and expansion, but it must also be

managed carefully to avoid uncontrollable financial risks. The Debt to Total Assets Ratio is also a concern for investors and creditors. Investors tend to pay attention to this ratio as an indicator of investment risk, because high debt levels can increase the risk of bankruptcy or inability to pay dividends. Creditors also consider this ratio in assessing a company's suitability for obtaining a loan with acceptable risk.

This variable measures how efficiently a company uses its assets to generate income. High asset turnover indicates that a company can optimize the use of its assets, which can contribute to increased sales. For example, efficient stock turnover can reduce carrying costs and enable increases in production and sales. Profit margin refers to the percentage of net profit from sales. Determining a good profit margin can influence a company's competitiveness and influence pricing strategies and investment in developing new products or services. Healthy profit margins can provide the financial flexibility necessary for increased sales and business growth.

This variable refers to the overall market situation, including consumer demand, economic cycles, and other macroeconomic factors. Changes in market conditions can influence consumer behavior and their purchasing preferences, which in turn will affect a company's sales. Industrial policies, such as government regulations or specific industry policies, can have a major impact on a company's operations and sales. For example, regulatory changes that affect the production or distribution of products can directly affect sales. These include technological trends, sociocultural changes, or geopolitical events that may affect consumer preferences, production costs, or market access. For example, changes in technological trends can change the way companies interact with consumers, while socio-cultural changes can influence purchasing preferences (Agustina, 2011).

Previous Research

This research may have examined the influence of financial ratios such as working capital, current ratio, and debt to total assets ratio on sales performance in companies listed on certain capital markets. Then research by Johnson and the team in the "Journal of Business and Finance" in 2019. This research may focus on the influence of financial ratios on sales in certain industries, highlighting the relationship between financial variables and sales performance. Furthermore, research by Garcia et al. (2018) published in the journal "Finance Research Letters". This research may have analyzed the impact of financial ratios on company sales in the context of certain global or regional capital markets.

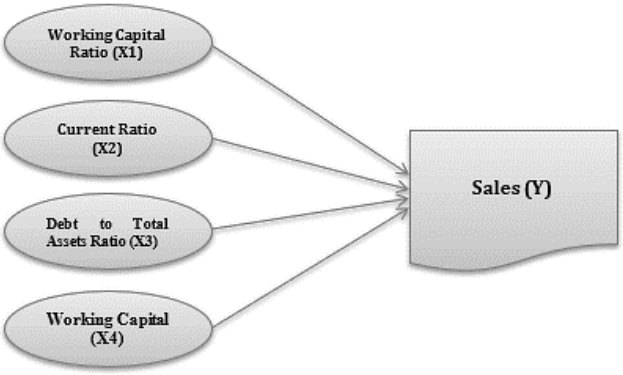

Figure 1. Framework and Hypothesis

This research may focus on analyzing the relationship between financial ratios such as working capital ratio, current ratio, and debt to total assets ratio with company sales performance in the Chinese capital market. This research may provide insight into how these financial ratios relate to sales growth in a specific capital market context (Handayani, 2010). This research may have investigated the effect of working capital ratio and current ratio on sales of manufacturing companies listed on the Indonesia Stock Exchange. This research may provide an understanding of how these financial ratios

influence sales performance in the manufacturing sector. This research may have analyzed the influence of financial ratios on sales performance in the financial services sector in the Brazilian capital market (Vedd & Yassinski, 2015). This research can provide an overview of how financial ratios influence sales in a specific financial services industry. The conceptual framework and hypothesis are as shown in Figure 1.

H0: There is no significant influence between the working capital ratio and company sales.
H1: There is a significant influence between the working capital ratio and company sales.
H2: There is a significant influence between the current ratio and company sales.
H3: There is a significant influence between debt to total assets ratio and company sales.
H4: There is a significant influence between working capital and company sales.

RESEARCH METHODS

This research uses causal quantitative research methods. This research tests the proposed hypothesis and examines the influence between the independent and dependent variables. This research is part of quantitative causality research which aims to determine the influence of the working capital ratio, current ratio, and debt to total assets ratio on company sales on the Indonesia Stock Exchange (BEI). The population in this research refers to all investors who have made transactions on the Indonesian Stock Exchange. This research uses an incidental sampling technique, a sampling technique based on chance, where secondary data from companies listed on the Indonesia Stock Exchange is taken according to the researcher's wishes. Then the data analysis method used in this research uses the classic assumption test through the Normality Test, Multicollinearity Test, Heteroscedasticity Test, Multiple Linear Analysis. Apart from that, it also uses Hypothesis Testing which consists of the F Test (Simultaneous Test), Determination Coefficient Analysis (R2), T Test (Partial Test).

RESULTS AND DISCUSSION

Financial ratio analysis is an important approach in evaluating the financial health of a company. In the dataset provided, there are several financial ratios that can provide in-depth insight into the company's financial performance.

Table 1. Research variable

Sales/ working capital	**Current ratio (current ratio)**	**Debt to total assets ratio**	**Working capital**	**SALE**
WCTR	CR	DTAR	MK	PN
X2	X3	X5	X6	Y
.17	3.54	.49	.00	.01
.28	4.00	.59	.14	.04
2.12	3.45	.44	.01	.03
.71	2.71	.59	11.82	.84
1.43	6.88	.16	.15	.22
.47	1.61	.52	20.96	1.46
.59	2.39	.45	27.67	1.62
.34	4.72	.20	17.69	.59
1.38	1.21	.51	10.50	1.45
.05	17.02	.06	21.71	.11
.36	3.28	.86	21.07	1.47
.41	2.45	.34	.47	.19
-2.13	.57	.13	-.06	.12
.32	4.16	.23	.90	.29
2.20	1.96	.53	.46	1.01
-19.12	.91	.61	.00	.04
2.60	1.24	.53	.72	1.86
5.87	3.63	.33	.62	3.63
4.74	1.49	.29	19.28	9.14
.28	1.76	.64	.33	.09
2.81	2.35	.11	.11	.31

Sales/ working capital	Current ratio (current ratio)	Debt to total assets ratio	Working capital	SALE
6.20	1.60	.46	.22	1.37
.41	6.59	.14	51.25	2.13
-1.91	.42	.62	-16.35	3.12
.51	2.76	.34	70.30	3.60
.29	12.50	.16	.40	.08
1.14	2.74	.15	.17	.20
31.53	1.14	.45	.16	5.08
.21	1.46	3.29	.41	.04
12.81	2.40	.38	.25	3.26
-5.94	.70	.70	-.33	1.95

The multicollinearity test aims to test whether a research regression model finds a correlation between independent variables (Table 1). According to Ghozali (2011), testing for multicollinearity is carried out by paying attention to the size of the tolerance value and the size of the VIF. The guidelines for decision making for multicollinearity tests with Tolerance and VIF:

1. If the Tolerance value is greater than 0.10 then there is no multicollinearity in the regression model.
2. If the Tolerance value is smaller than 0.10 then multicollinearity occurs in the regression model.

Based on the VIF (Variance Inflation Factor) value:

1. If the VIF value is <10.00 then there is no multicollinearity in the regression model.
2. If the VIF value is > 10.00 then multicollinearity occurs in the regression model.

Table 2. Multicollinearity and Autocorrelation Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)	-	-
WCTR	.987	1.013
CR	.889	1.125
DTAR	.904	1.106
MK	.948	1.055
Autocorrelation Test:		
Variable/Value:		
- D: 1.594		
- DL: 0.4441		
- DU: 2.2833		
- 4-DL: 3.5559		
- 4-DU: 1.7167		

Based on the SPSS output, it can be seen that all variables including Sales, Sales Working Capital Ratio, Current ratio, debt to total assets ratio, Working Capital and show a tolerance value greater than 0.100 and a VIF value smaller than 10.00. So, it can be concluded that in this test there are no symptoms or problems of multicollinearity (Table 2). The autocorrelation test aims to determine whether in a linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previous). To see whether there are symptoms of autocorrelation, you can use the Durbin Watson test. The basis for decision making in the Durbin Watson test is.

Heteroscedasticity Test

The heteroscedasticity test aims to test for differences in variance from residual values from one observation period to another. A good regression model is homoscedastic or does not have symptoms of heteroscedasticity. The method used in this research is by looking at the Scatterplot graph. The provisions in the Scatterplot graphic method are if there are no symptoms of heteroscedasticity, the data points spread above and below or

around the number 0, the points gather only above or below only, the distribution of data points must not form a wavy pattern that widens then narrows and widens again.

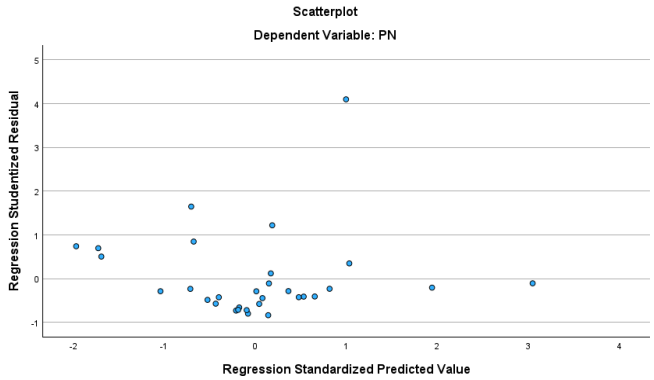

Figure 2. Heteroscedasticity test

Figure 2 showed that there is no heteroscedasticity problem. So, from the three classical assumption tests, it is certain that you have met the requirements to proceed to multiple linear regression analysis. Multiple linear regression analysis aims to find the influence of two or more independent variables/independent variables (X) on the dependent variable/dependent variable (Y). The results of multiple linear regression calculations using the SPSS program in this research are in Table 3.

Table 3. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.786	.574		3.112	.004
	WCTR	.121	.041	.452	2.939	.007
	CR	-.190	.091	-.338	-2.085	.047
	DTAR	-.414	.565	-.118	-.733	.470
	MK	.038	.018	.329	2.097	.046

Based on the statistical output, the multiple regression equation in this research can be derived. The regression equation formula in this research is as follows:

$$Y= \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4+ \beta4X4+ \varepsilon$$
$$Y= 1{,}786 – 1{,}121X1 - 0{,}190X2 - 0{,}414X3+ 0{,}038X4+ 0.026X5+e$$

From the regression equation, the conclusion that can be explained is that the constant value (α) is 1.786 with a positive sign stating that if the variables Sales Working Capital Ratio, Current ratio, Debt to total assets ratio, WORKING CAPITAL are considered constant then the Y value is 1.786. The regression coefficient value for the Sales Working Capital Ratio (X1) variable is 1.121 with a positive sign indicating that if the Sales Working Capital Ratio level increases by one unit assuming the other independent variables are constant, then Sales will decrease by 1.121. The regression coefficient value for the variable Current ratio (X2) is -0.190 with a negative sign indicating that if the Current ratio level increases by one unit assuming the other independent variables are constant, then sales will decrease by -0.190. The regression coefficient value for the debt to total assets ratio variable, (X3) is -0.414 with a netative sign indicating that if the debt to total assets ratio level increases by one unit assuming the other independent variables are constant, then sales will decrease by -0.414. The regression coefficient value for the WORKING CAPITAL variable, (X4) is 0.038 with a positive sign indicating that if the level of WORKING CAPITAL increases by one unit assuming the other independent variables are constant, then Sales will increase by 0.038. The variable regression coefficient value, (X5) is 0.026 with a positive sign indicating that if the level, increases

by one unit assuming the other independent variables are constant, then sales will increase by 0.026.

The Coefficient of Determination (R Square) aims to measure the percentage influence of the independent or independent variable on the dependent or dependent variable in percentage units in a research regression model. The results of the coefficient of determination test in this research are in Table 4.

Table 4. Coefficient of Determination Test Results

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.626[a]	.392	.299	1.63710	1.594

a. Predictors: (Constant), MK, WCTR, DTAR, CR
b. Dependent Variable: PN

Based on the SPSS output, it is known that the coefficient of determination/R Square value is 0.626 or equal to 62.6%. This figure means that the variables Sales Working Capital Ratio, Current ratio, debt to total assets ratio, WORKING CAPITAL and simultaneously (together) have an effect on the variable (Y) by 62.6%. Meanwhile, the remainder (100% - 62.6% = 38.4%) is influenced by other variables outside this regression equation or variables that were not studied. The T test basically aims to find out how much influence each independent variable has on the dependent variable in a study. When carrying out a partial T test, decision making can be done by looking at the Sig value. This research uses a significance value of 5% or 0.05 with the criterion that if P value (Sig) > Ho is accepted. This means that there is no significant influence of the independent variable on sales. If P value (Sig) ≤ Ho is rejected. This means that there is a significant influence of the independent variable on sales.

Table 5. T test

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	1.786	.574		3.112	.004		
	WCTR	.121	.041	.452	2.939	.007	.987	1.013
	CR	-.190	.091	-.338	-2.085	.047	.889	1.125
	DTAR	-.414	.565	-.118	-.733	.470	.904	1.106
	MK	.038	.018	.329	2.097	.046	.948	1.055

a. Dependent Variable: PN

Based on Table 5, the influence of each independent variable on the dependent variable, Testing the Sales Working Capital Ratio (X1) on Sales (Y) Ho: $\beta 1 = 0$ means the Sales Working Capital Ratio has no positive effect on Sales, H1: $\beta 1 > 0$ means Sales Working Capital Ratio has a significant positive effect on Sales. The first hypothesis in this research is that Sales Working Capital Ratio (X1) has a positive effect on Sales (Y). The results showed that the significance value (Sig) of the Sales Working Capital Ratio variable is 0.006. Because the Sig value. 0.023 < probability 0.05 then it can be concluded that H1 is accepted and Ho is rejected. This means that there is a significant influence between the Sales Working Capital Ratio (X1) on Sales (Y).

Testing the Current ratio (X2) on Sales (Y) Ho: $\beta 2 = 0$ means the Current ratio has no positive effect on Sales H2: $\beta 2 > 0$ means the Current ratio has a significant positive effect on Sales The second hypothesis in this research is the Current ratio (X2) has a positive effect to Sales (Y). The results showed that the significance value (Sig) of the Current ratio variable is 0.043. Because the Sig value. 0.100 > probability 0.05 then it can be concluded that Ho is rejected and H2 is accepted. This means that there is a significant influence between Current ratio (X2) on Sales (Y). Testing debt to total assets ratio (X3) on Sales (Y) Ho: $\beta 3 = 0$ means debt to total assets ratio, has no positive effect on Sales H3: $\beta 3 > 0$ means debt to total assets ratio, has a significant positive effect on Sales Third hypothesis In this research, EPS (X3) has a positive effect on Sales (Y). The results showed that the

significance value (Sig) of the debt to total assets ratio variable is 0.043. Because the Sig value. 0.043 < probability 0.05 then it can be concluded that H3 is accepted and Ho is rejected. This means that there is a significant influence between debt to total assets ratio (X3) on Sales (Y).

Testing Working Capital (X4) on Sales (Y) Ho: β4 = 0 means Working Capital has no positive effect on Sales H3: β4 > 0 means Working Capital has a significant positive effect on Sales The fourth hypothesis in this research is Working Capital (X4) positive effect on Sales (Y). The results showed that the significance value (Sig) of the variable is 0.043. Because the Sig value. 0.043 < probability 0.05 then it can be concluded that H4 is accepted, and Ho is rejected. This means that there is a significant influence between Working Capital (X4) on Sales (Y). The F test is used to determine the effect of the independent variable on the dependent variable in a study simultaneously or together. In the F test, this research will use a significance value of 5% or 0.05 with the criterion that if the P value (Sig) > α then Ho is accepted. This means that there is no significant influence of the independent variable on Sales. If P value (Sig) ≤ α then Ho is rejected. This means that there is a significant influence of the independent variable on sales.

Table 6. F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.940	4	11.235	4.192	.009[b]
	Residual	69.683	26	2.680		
	Total	114.623	30			

a. Dependent Variable: PN
b. Predictors: (Constant), MK, WCTR, DTAR, CR

Ho: MK, WCTR, DTAR, CR simultaneously have no effect on sales
H1: MK, WCTR, DTAR, CR simultaneously have a significant effect on sales

Based on the SPSS output in Table 6, it is known that the significance value (Sig) is 0.009 < 0.05, so it can be concluded that the hypothesis is accepted or in other words MK(X1), WCTR(X2), DTAR(X3), and CR(X4), simultaneously has a significant effect on Sales (Y).

CONCLUSION

From the results of the literature review, as well as the data processing and discussion, the researcher can draw the conclusion that the Influence of Financial Ratios on Sales shows that all the variables studied (Working Capital Ratio, Current Ratio, Debt to Total Assets Ratio, and Working Capital) have a significant influence on company sales. This emphasizes the importance of good financial management in improving a company's sales performance. Indicates that the company needs to pay close attention to financial ratios and manage them well. For example, optimizing working capital, maintaining a balance between current assets and liabilities, and considering the right capital structure to manage debt can contribute to increased sales. The importance of focusing on operational efficiency. In this case, efficient management of working capital, control of current assets and liabilities, and debt management can make a significant contribution to sales performance. The conclusions of this research also emphasize the importance of making decisions based on data. By understanding the relationship between financial ratios and sales, companies can direct their business strategy better, make more appropriate decisions, and improve overall performance. Suggestions that can be given in this research to companies are carrying out regular monitoring of the financial ratios that are analyzed and making strategies that are responsive to changes that occur. Adopt efficient financial management practices, such as good working capital management and optimal debt management. Use the results of this research as a basis for better decision making in planning long-term financial strategies and adjusting marketing and

operational tactics to align with the goal of increasing sales. The importance of understanding and managing financial ratios that impact a company's sales is key to continued growth and sustainability in a competitive market.

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