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# PT. Kalbe Farma, Tbk's asset profitability and the impact of current, quick, and cash ratios

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***Abstract***

*This research was conducted to examine the effect of the Current Ratio, Quick Ratio, and Cash ratio on the profitability of assets at PT. Kalbe Parma, Tbk on the Indonesia Stock Exchange 2016-2020 The analysis technique used is multiple linear regression and hypothesis testing using t-statistics to test the partial regression coefficients and f-statistics to test the significance of the effect together with a significance level of 5%. The results of this study indicate that the Current Ratio, Quick Ratio, and Cash ratio simultaneously significantly affect asset profitability. Based on partial testing, the Current Ratio has a positive and significant effect on asset profitability, the current ratio has a negative and significant impact on asset profitability, and the quick ratio does not significantly affect the profitability of assets. The advice for further research is that it is expected to add other independent variables that can affect asset profitability. It is recommended that the BE level of asset profitability in other industrial sectors listed on the Indonesia Stock Exchange (IDX) be examined.*

*Keywords: current ratio, quick ratio, cash ratio*

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## 1. INTRODUCTION

The corporate landscape in Indonesia is presently grappling with numerous challenges, primarily because of the economic crisis triggered by the COVID-19 outbreak. Virtually all business categories have undergone a significant decrease in operations, with multiple enterprises even facing bankruptcy (Purnomo et al., 2021). The decrease in individuals' ability to buy products due to the crisis was subsequently accompanied by decreased desire for commodities. Nevertheless, the actuality is that things are rising, primarily due to elevated manufacturing and capital expenses. This reality undoubtedly triggered the decline of the actual business sector, which proved incapable of sustaining commercial continuity. In addition, there is increasing competition among companies, particularly those in the pharmaceutical retail industry. Amidst these advances and rivalry, it is imperative for any firm to effectively handle all financial aspects, particularly the company's financial performance, to ensure its survival and maintain a satisfactory level of growth in the future (Ausat et al., 2022).

Financial ratio analysis is essential for several reasons, as outlined by experts. Firstly, it provides financial managers with the necessary analytical tools to make rational decisions and work towards achieving company goals. Secondly, it helps management identify the company's various financial strengths and weaknesses. Lastly, understanding the company's strengths allows for their appropriate utilization, while recognizing weaknesses enables the implementation of corrective action (Zhu et al., 2023).

Weston categorizes financial analysis into three main groups: (a) performance metrics, (b) operating efficiency measures, and (c) financial policy measures. According to Weston, one of the primary performance indicators is the profitability ratio. There are other methods to calculate this ratio, but one particularly significant one is asset profitability, often known as return on total assets (RA). Asset profitability measures the capacity of all current capital, including borrowed money and equity, to generate profits. Asset profitability is a metric that helps gauge the overall effectiveness of capital utilization (Al-Busaidi & Al-Muharrami, 2021).

The liquidity ratio is a method to assess a company's capacity to settle its debts. Company liquidity refers to the company's capacity to promptly meet its financial obligations (Dirman, 2020). The higher the liquidity level of a corporation, the better its capacity to meet all of its short-term financial obligations (Adiputra & Hermawan, 2020). There are multiple methods to calculate the liquidity of a company. One method is to utilize the Current ratio, which involves comparing all current assets to current liabilities. A company's current ratio is directly proportional to its ability to use current assets to ensure repayment of current debt. An alternative approach is to utilize the quick ratio or acid test ratio, which assesses the capacity to settle urgent debts using highly liquid current assets (rapid assets). Quick assets can be calculated by dividing the sum of cash, securities, and receivables by the total current liabilities. A higher fast ratio indicates a larger capacity of the corporation to settle immediate debts using readily accessible cash, cashable securities, and receivables (De Luca, 2022).

Another method is to calculate the cash ratio, derived by dividing the sum of cash and short-term securities by the current debt (D. W. Sari, 2021). Cash includes both physical currency and funds held in bank accounts. Securities refer to financial instruments, such as stocks and bonds, that can be easily converted into cash. They are typically held as short-term investments or marketable securities. A higher cash ratio indicates a greater capacity of the corporation to settle urgent debts using readily available cash and easily convertible securities (Bordeianu & Radu, 2020).

The current, quick, and cash ratios indicate the company's capacity to settle its short-term liabilities (Sunmola, 2021). A corporation with significant liquidity, characterized by definite assurances for its current debts, instills a sense of security as it ensures the company's confidence in meeting its short-term obligations. By adopting this approach, the organization will avoid any negligence in doing its activities, enabling it to function optimally and efficiently. The collateral used to secure short-term debt, also known as current debt, will be included in the current assets category (Kuong, 2021). This is because current assets are subject to short-term turnover. A firm's level of liquidity is directly proportional to its current assets. This means that the company's liquidity increases as the current assets increase.

Consequently, the company will have a more significant number of cash, receivables, and inventory, which in turn enhances its ability to improve its operations. With the expansion of the company's operations, there is an expectation for a corresponding increase in the company's operating profit, also known as Net Operating Income (NOI). If the addition of current assets does not coincide with an expansion in the company's activities, the inclusion of current assets will diminish the company's operating profitability.

Liquidity refers to a company's capacity to meet its immediate financial obligations (Štangová & Víghová, 2021). Liquidity ratios assess the ability of a company to cover its short-term obligations using its current assets. By analyzing this ratio, one can obtain valuable information about the company's present financial capability and capacity to sustain competence in the face of challenges.

The adequate amount of accessible liquidity is crucial, as it should neither be too limited to hinder daily operating requirements nor excessively huge to undermine efficiency and negatively affect asset profitability at lower levels (Fegatelli, 2022). It is essential to preserve liquidity to ensure that there is always enough cash to meet external and internal financial obligations. Furthermore, it is imperative to have sufficient finances allocated for unforeseen emergency requirements. The maintenance of liquidity and profitability of assets must be achieved in a state of harmony and balance (D. P. Sari et al., 2022).

A low current ratio suggests that the company is experiencing liquidity issues. On the other hand, if a corporation has an excessively high current ratio, it is also unfavorable since it suggests that the company has surplus funds that are not being utilized to produce revenue, diminishing future profits. Return on Assets (ROA) can be decomposed into constituent parts that are meaningful to sales. The author finds it intriguing to undertake additional research on various factors that can impact the profitability of assets. PT. Kalbe Farma Tbk is a pharmaceutical company specializing in producing and distributing health-related products. The company was established on September 10, 1966, and is based in Jakarta. The headquarters is located at the Kalbe Building, Jl. Let. Jend. Suprapto Kav. 4, Cempaka Putih, Jakarta 10510. The proliferation of

pharmaceutical companies has led to a more intense competitive environment. Indonesia currently has around 200 pharmaceutical businesses. This creates a competitive environment among pharmaceutical companies as they strive to develop and gain a larger market share internationally. One example of such companies is PT. Kalbe Farma Tbk has successfully expanded its operations to 10 other nations.

## 2. LITERATURE REVIEW

Liquidity refers to a company's capacity to meet its immediate financial obligations. It represents the ease with which financial assets can be converted into cash, or vice versa, within a short timeframe and with minimal loss. Liquidity is an economic phrase that denotes a firm's financial status or prosperity. The liquidity level of an organization is frequently used as a reference point for decision-making by individuals associated with the company. A firm's liquidity is typically influenced by various stakeholders, including shareholders, raw material suppliers, corporate management, creditors, consumers, government, insurance institutions, and financial institutions. Greater liquidity in a firm organization is positively correlated with improved company success. In contrast, when a firm organization has less liquidity, its performance tends to be weaker. Liquidity difficulties pertain to a company's capacity to promptly meet its immediate financial obligations (Nirawati et al., 2022).

Liquidity ratios assess a company's capacity to fulfill its immediate financial obligations (Alfiani & Nurmala, 2020). Asset that the objective of short-term financial management is to effectively handle current assets (such as cash, securities, receivables, and inventory) and current liabilities (including trade payables, notes payable, and accrued liabilities) to strike a balance between profitability and risk, ultimately adding value to the company (Guzel, 2021). Three ratios for assessing firm liquidity: the Current Ratio, the Quick or Acid Test Ratio, and the Cash Ratio (W. N. Sari et al., 2022). Eagle and Lange propose that liquidity can be understood through three fundamental elements: density, depth, and resilience. The interrelation of these three liquidity components is crucial for maintaining an organization or corporation's liquidity level and economic conditions. Current assets encompass cash, securities, receivables, and inventory, whereas current liabilities encompass trade payables, short-term bank debt, tax payables, and other similar obligations. Having more substantial current assets ensures a higher level of liquidity, resulting in increased amounts of cash, receivables, and inventories.

Profitability refers to the capacity of a corporation to create profits. Profitability is the company's capacity to generate profits from its sales, total assets, and equity (Diana & Maria, 2020). The high profitability of a company serves as a clear indication of the management's effectiveness in creating profits. If the organization can attain efficacy and efficiency in the utilization of capital, it has the potential to earn substantial profits (W. N. Sari et al., 2022). Profitability refers to a company's capacity to earn profits within a specific timeframe. Profitability is a metric that quantifies the outcome of a company's operational strategies and choices (Sulistiorini, 2022).

Based on the given definition, profitability refers to the company's capacity to make profits using the capital employed. The degree of corporate profitability measures how well a firm's operational procedures are working in terms of their efficacy and efficiency. Profitability can be categorized into two types: own capital profitability and economic profitability (Kanga et al., 2020). Own capital profitability, also known as business capital profitability, refers to the capacity of a corporation to create profits using its own invested capital. Only the company's capital actively contributing to its operations is considered when calculating profit.

Return on assets (ROA) is a financial metric that measures a firm's profitability by comparing its net profit after tax (excluding share dividends) to the assets or equity invested by its shareholders. An enduringly elevated return on assets (ROA) indicates proactive management. This management can differentiate between long-term growth in the company and temporary fluctuations only related to seasonal variables in the industry. The various components comprising the magnitude of Return on Assets (ROA) can provide insights into the origins and constraints of a company's investment (Al-Busaidi & Al-Muharrami, 2021). ROA is a measure that compares the profit or residual operational results (SHU) to the total assets owned by firms and individual businesses. Hence, the fluctuations in returns on investments are determined by two key elements, specifically:

a. Profit Margin, which is the ratio of operating profit to sales.
b. The turnover of operating assets refers to the comparison between net sales and operating assets, namely working capital.

ROA is calculated by multiplying the profit margin factor by the asset turnover. Hence, the return on assets over a specific timeframe can be enhanced by augmenting either the profit margin or the asset turnover. If either one factor grows or both factors increase, the return on assets will likewise increase. Return on assets (ROA) is a metric used to assess a company's profitability by measuring the efficiency of its utilization of total invested assets in generating profits from its operations. Understanding this ratio can help determine whether the organization effectively employs its holdings in its operational activities. Factors Affecting Return On Assets (ROA)

a. The variation in return on assets (ROA), is contingent upon the operating profit margin, which is the ratio of profit to sales.
b. Asset turnover refers to the rate at which total assets are utilized or replaced within a specific time frame.

The factors that affect the high and low returns on assets, as stated by Riyanto (2017), include the profit margin, which is the ratio of net operating income to net sales. Operating asset turnover refers to the rate at which business assets rotate within a given period. The quality of decisions will rely on the information utilized and management's proficiency in analyzing and interpreting it.

The three primary categories of financial reports are balance sheets, profit and loss statements, and cash flow reports (Rao, 2021). The forthcoming explanation is:

1. Balance sheet A balance sheet is a financial statement that provides a snapshot of a company's financial status at a specific point in time, representing the company's worth at that particular moment. The balance sheet is often prepared after the fiscal year, halfway through the fiscal year, or at the beginning of the first quarter. A company's balance sheet is formed from the accounting equation, which states that 17 Assets are equal to the sum of Liabilities and Equity. The initial section of the balance sheet comprises the company's assets, specifically current and fixed assets.
2. Statement of Financial Performance
   The income statement, the profit and loss statement, analyzes the relationship between income and costs to calculate the net profit or loss. This report presents data regarding the company's ultimate financial outcomes (net profit) during a specific timeframe. Net income, often known as profit, is commonly used to evaluate performance or as a foundation for other indicators like return on investment or earnings per share. The profit and loss report is a comprehensive document that provides a structured overview of an organization's revenue, expenses, losses, and profits over a specific time frame.
3. Cash Flow Statement.
   Cash flow refers to the movement of cash or cash equivalents into and out of a business. Companies report their cash flows from operating, investing, and financing operations in the most appropriate way for their firm. A cash flow report is a financial statement that presents the inflows and outflows of cash for a firm during a specific time frame. Cash flow from corporate assets is the total cash received by creditors and shareholders.

## 3. METHOD

This quantitative study employs numerical data in data collection, interpretation, and analysis to determine the extent of the impact of liquidity on asset profitability at PT Kalbe Farma, a company listed on the Indonesia Stock Exchange. The research utilizes secondary data sourced from the financial filings of PT Kalbe Farma. The study employs the analytical technique of multiple linear regression using SPSS software.

Data analysis is a technique employed to examine data to resolve issues or validate hypotheses (Sitopu et al., 2021). The research employs many analytical methods, including descriptive statistical analysis, classical assumption tests (such as normality test, multicollinearity test, and heteroscedasticity test), multiple linear regression analysis, and hypothesis testing (including coefficient of determination test, t-test, and f-test).

Researchers employ two methods to get data, specifically:

1. Analysis of literary works
   The researchers collected data from many sources such as books, journals, the internet, theses, and other relevant media.
2. Research conducted in a specific area or discipline.

The researchers have acquired secondary data. The secondary data consists of annual financial reports, performance summaries of companies listed on the BEI, and CGPI score data seen in SWA magazine.

Conducting this experiment involves employing multiple regression analysis to ascertain the impact of liquidity on profitability. To evaluate the suggested hypothesis, it is essential to utilize regression analysis using either the t-test or the test. The objective of regression analysis is to ascertain the impact of liquidity on asset profitability at PT. Kalbe Farma, a company listed on the Indonesian stock exchange from 2015 to 2020. This analysis aims to quantify the degree of liquidity's influence on profitability, individually and collectively.

## 4. RESULT AND DISCUSSION

Analysis of the Current Ratio at PT. Kalbe Farma, Tbk in the last four years can be seen in the following table:

Table 1. Currency Ratio Analysis PT. Kalbe Farma, Tbk for the 2016-2020 period

| No | Year | Current assets | Current liabilities | Ratio |
|---|---|---|---|---|
| 1 | 2016 | Rp. 9. 572.529.767.897 | 2.317.161.787.100 | 4,1 % |
| 2 | 2017 | Rp. 10.043.950.500.578. | 2.227.336.011.715 | 4,5 % |
| 3 | 2018 | Rp. 10.648.288.386.276 | 2.286.164.471.594 | 4,6 % |
| 4 | 2019 | Rp. 11.222.490.978.401 | 2.557.108.805.851 | 4,8 % |
| 5 | 2020 | Rp. 13.075.331.880.715 | 3.176.726.211.674 | 4.9 % |

Based on the table above, it can be seen that the Current Ratio in 2016 was 4.1% and until 2020 there was a very large increase in significance each year, up to 4.9%. This is because its current assets increase every year.

Analysis of the Quick Ratio at PT. Kalbe Farma, Tbk in the last four years can be seen in the following table:

Table 2. Quick Ratio Analysis PT. Kalbe Farma, TBK for the 2016-2020 period

| No | Year | Current assets – inventory | Current liabilities | Ratio |
|---|---|---|---|---|
| 1 | 2016 | Rp. 9.572.529.767.897 - Rp. 3.344.404.151.105 | Rp. 2.317.161.787.100 | 2,6 % |
| 2 | 2017 | Rp. 10.043.950.500.578 - Rp. 3.557.496.638.218 | Rp. 2.227.336.011.715 | 2,9 % |
| 3 | 2018 | Rp. 10.648.288.386.726 - Rp. 3.474.587.231.854 | Rp. 2.286.164.471.594 | 3,1 % |
| 4 | 2019 | Rp. 11.222.490.978.401 - Rp. 3.737.976.007.703 | Rp. 2.557.108.805.851 | 2,9 % |
| 5 | 2020 | Rp. 13.075.331.880.715 - Rp. 3.559.745.931.242 | Rp. 3.176.726.211.674 | 2,9 % |

Based on the table above, you can see that the Quick Ratio in 2016, 2017, experienced an increase of 3% and in 2018, the significance level was substantial, up to 3.1% and 2919 - 2020. The Quick Ratio experienced a steady decline, unlike in 2016 and 2017.

Analysis of Cash Ratio at PT. Kalbe Farma, Tbk in the last four years can be seen in the following table:

Table 3. Cast Ratio Analysis PT. Kalbe Farma, TBK for the 2016-2020 period

| No | Year | Cash + Current | Debt Securities | Ratio |
|---|---|---|---|---|
| 1 | 2016 | Rp. 15.226.009.210.657 + Rp.2.895.582.003.331 | Rp.2.317.161.787.100 | 9,5 % |
| 2 | 2017 | Rp. 16.146.206.145.365 + Rp.2.784.705.831.122 | Rp.2.227.336.011.715 | 9,4 % |
| 3 | 2018 | Rp. 18.146.206.145.369 + Rp. 3.040.487.103.572 | Rp.2.286.164.471.594 | 11,8 % |
| 4 | 2019 | Rp. 20.264.726.862.584+ Rp.3.040.487.103.572 | Rp.2.557.108.805.851 | 11,3 % |
| 5 | 2020 | Rp. 22.564.300.317.374+ Rp 5.207.929.420504 | Rp.3.176.726.211.674 | 9,7 % |

Based on the table above, it can be seen that the Cash Ratio in 2016, 2017, experienced an increase of 1%, and in 2018, 2019 the significance level was substantial, up to 11.8% and 11.3% in 2020. The cash ratio experienced a steady decline, unlike in 2016 and 2017. This is because cash increased in 2016 - 2019, then the Cash Ratio decreased again in 2020 by 9.7%.

Analysis of ROA (Return On Assets) at PT. Kalbe Farma, Tbk, in the last four years, can be seen in the following table.

Table 4. ROA Analysis PT. Kalbe Farma, TBK for the 2016-2020 period

| No | Year | Altiva Total Ebit | Altiva Total Ebit | Ratio |
|---|---|---|---|---|
| 1 | 2016 | Rp. 9.487.968.305.032 | Rp.15.226.009.210.657 | 0,11 % |
| 2 | 2017 | Rp. 9.812.283.473.000 | Rp. 16.146.206145.365 | 0,9o % |
| 3 | 2018 | Rp. 9.847.925.793.543 | Rp.18.146.206.145.369 | 0,10 % |
| 4 | 2019 | Rp. 10.243.467.770.842 | Rp.20.264.726.862.584 | 0,11 % |
| 5 | 2020 | Rp. 10.246.322.493.771 | Rp.22.564.300.317.374 | 0,13 % |

Based on Table 4. above, it can be seen that the Quick Ratio in 2016, 0.11%, decreased in 2017, and in 2018-2020 it increased to reach 0.13%

Table 5. Multiple Linear Analysis Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 4.316 | .688 | | 2.331 | .102 |
| | X1 | 6.971 | .483 | 1.073 | 3.497 | .040 |
| | X2 | -21.750 | .548 | -.435 | -.3202 | .0,49 |
| | X3 | 66.055 | 34.638 | .362 | 1.907 | .153 |

From the table above, the results of the multiple linear regression equation can be obtained as follows:

Asset profitability = 4,316 + 6, 971CR – 21,750 QR + 66,055CS

From the results of the multiple linear regression equation above, it can be interpreted as follows:

a. The constant of 4.316 states that if the Current Ratio, Quick Ratio, and Cash Ratio values are zero, then the asset return will be 4.316
b. The Current Ratio regression coefficient of 6.971 states that every 1% increase in the Current Ratio will increase asset profitability by 6.971.
c. The Quick Ratio regression coefficient of -21,750 states that every 1% increase in the Quick Ratio will reduce asset profitability by -27,750
d. The Cash Ratio coefficient of 66.055 states that every time there is an increase in the Cash Ratio of 1%, the return on assets will increase by 66.055.

The coefficient of determination test is used to test the goodness-of-fit of the regression model. Based on the SPSS output results, the adjusted $R^2$ value can be seen in the table as follows:

Table 6. Coefficient of Determination ($R^2$)

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .986[a] | .972 | .944 | .24089 |

The value of the coefficient of determination (R2) is 97.2%. This means that the asset profitability variable can be explained by the results (Current Ratio, Quick Ratio, and Cash Ratio) of 97.0%. In comparison, other variables or factors explain the remaining 2.8% outside the model.

Table 7. T-test

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 4.316 | .688 | | 2.331 | .102 |
| | X1 | 6.971 | .483 | 1.073 | 3.497 | .040 |
| | X2 | -21.750 | .548 | -.435 | -3.202 | .049 |
| | X3 | 66.055 | 34.638 | .362 | 1.907 | .153 |

In Table 7, it can be seen that the significant coefficients (sig <0.5) are the Current Ratio, Quick Ratio, and Cash Ratio as follows:

a. The influence of the Current Ratio on asset profitability, the results of the t-test analysis, the variable Current Ratio (Ratio to asset profitability
b. The influence of the Quick Ratio (The significance value is smaller than 0.05 (5%), so the hypothesis is accepted, meaning there is a very significant influence between the Quick Ratio variables on asset profitability.
c. The influence of the Cash Ratio on asset profitability, the results of the t-test analysis of the variable Cash Ratio (Cash Ratio (X3) to asset profitability

Table 8. F Test (Simultaneous)

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 7.872 | 2 | 3.936 | 9.445 | .001[a] |
| | Residual | 9.168 | 22 | .417 | | |
| | Total | 17.040 | 24 | | | |

Prob value. The calculated F (sig) in the table above has a value of 0.001, which is smaller than the significance level of 0.005, so it can be concluded that the estimated linear regression model is suitable to be used to explain the influence of the current ratio, quick ratio, and cash ratio on the dependent variable of asset profitability on PT. Kalbe Farma is listed on the Indonesian Stock Exchange.

Liquidity is the company's ability to meet its short-term obligations, a level of financial assets' ability to turn into cash or vice versa at the required time and as quickly as possible with the minimum loss ratio. Liquidity is also an economic term often used to indicate a company organization's financial position or

wealth. An organization's liquidity level is usually used as a benchmark for decision-making by people related to the company. Several parties are generally associated with a company's liquidity level: shareholders, raw material suppliers, company management, creditors, consumers, government, insurance institutions, and financial institutions. The higher the level of liquidity of a company organization, the better the company's performance.

Conversely, the lower the level of liquidity of a company organization, the worse the company's performance. Companies with a high level of liquidity usually have a better chance of getting various kinds of support from external parties such as financial institutions, creditors, and raw material suppliers. Liquidity shows the ability of a company to fulfill its obligations when billed, which is a company that can meet its financial commitments appropriately. On-time means that the company is in a liquid state and can fulfill its financial obligations on time if it has means of payment or current assets more significant than current debt or short-term debt.

A current ratio of 200% is sometimes satisfactory for a company, but the amount of working capital and the size of the ratio depend on several factors. A standard or general ratio cannot be determined for all companies. The current ratio of 200% is only a habit (rule of thumb) and will be used as a starting point for further research or analysis. The current ratio shows the level of security (margin of safety) of short-term creditors or the company's ability to pay these debts. Still, a company with a high current ratio does not necessarily guarantee that its debts will be paid when they are due because of the proportion or distribution of assets. Unfavorable current affairs, for example, the amount of inventory that is relatively high compared to the estimated level of future sales so that the inventory turnover rate is low and indicates that there is over-investment in the inventory or the existence of a large balance of receivables that may be difficult to collect.

The higher a company's current ratio, the higher the ability of its current assets to guarantee the payment of its current debt. The quick ratio is a ratio that shows the company's ability to meet short-term obligations with the most liquid assets. This quick ratio in companies does not consider inventory because it assumes that inventory takes a long time to be converted into cash, even though inventory may be more liquid than receivables. This ratio is sharper than the current ratio because it only compares very liquid assets with current liabilities. If the quick ratio is low, the level of risk will be indicated.

The cash ratio shows the company's ability to pay debts, which must immediately be met with cash available within the company and securities that can be immediately cashed. This means that cash and securities will guarantee every rupiah of current debt. The higher the cash ratio, the greater the company can pay debts that must be paid immediately with cash available in the company and securities that can be immediately cashed in. Profitability is the company's ability to earn profits from sales, total assets, and capital. High profitability will illustrate the effectiveness of management in managing the company in generating profits. If practical and efficient use of capital can be achieved, the company can generate large profits.

The three-variable multiple linear regression equation is Y = 4,316 + 6,971 X1 + - 21,750. The influence of the Current Ratio (X1) on asset profitability 6,971 (Y) is positive at 6,971, and the magnitude of the impact of the Quick Ratio (X2) on asset profitability (Y) is negative. Namely, -21,750, and the magnitude of the influence of the Cash Ratio on asset profitability is 66,055

With a coefficient of determination (R2) of R Square 0.972 (or 97.20%), the remaining 2.80% are other factors not included in the model. It can be concluded that the Current Ratio (X1), Quick Ratio (X2), and Cash Ratio to variations (flux and rise) in asset profitability (Y) are sufficient. However, there are still other factors that influence the profitability of capital assets (Y) that are not included in the model apart from the three factors, namely Current Ratio (X1), Quick Ratio (X2), and Cash Ratio (X3).

The test results show that the t-test (partial or individual) where b1 where t count = 3.497 is more minor than t table (25-2-1 = 7) = 1.725. In this way, Ho is rejected, and Ha is accepted, which means a partially significant and positive influence exists between the Current Ratio (X1) and asset profitability (Y). Meanwhile, b2 where t count = -3.202 is more minor than t table (10-1-2 = 7) = - 4.323. Thus, Ho is accepted, and Ha is rejected, meaning there is no partially significant influence between the Quick Ratio (X2) and asset profitability (Y). The Cash Ratio (Same as significant Current Ratio (X1), Quick Ratio (X2) Cash Ratio, and Asset Profitability (Y)

## 5. CONCLUSION

Based on the results of data analysis regarding the influence of Current Ratio (X1), Quick Ratio (X2), and Cash Ratio (X3) on asset profitability (Y), what appears is:

a. This estimation equation explains that asset profitability is not influenced by the Current Ratio (X1), Quick Ratio (X2), and Cash Ratio (X3). Meanwhile, the magnitude of the influence of the Current Ratio (X1) on the profitability of asset Y) is positive, and the magnitude of the influence of the Quick Ratio (X2) is positive. ) on the profitability of own capital (Y) is negative, that is, and the Cash Ratio hurts the profitability of assets
b. the proportion of influence of the variables Current Ratio (X1), Quick Ratio (X2), and Cash Ratio (X3) is equal to the meaning, Current Ratio, Quick Ratio, and Cash Ratio capital in the company PT. Kalbe Parma, which is listed on the IDX, still does not have much influence on asset profitability, not because of the bad Current Ratio (X1), Quick Ratio (X2) and Cash Ratio (X3), but rather the following factors:
    1) Profit margin and asset turnover
    2) Profit margin is influenced by net operating income and net sales.
    3) Net sales and operating costs influence net operating income.
    4) Meanwhile, asset turnover is influenced by net sales and net operating assets.
    5) Total assets (working capital + fixed assets) influence net operating assets.
c. From the t-test, conclusions can be quickly drawn. If the calculated prob.t value (the SPPS output is shown in the sig column) is smaller than the error level (alpha) of 0.05 (which has been determined), then the independent variable from the calculated t) has a significant effect on the variable. It is dependent, whereas if the calculated prob.t value is greater than the error level of 0.05, the independent variable has no significant effect on the dependent variable, the prob value. The t calculated from the independent variable capital structure is 0.029, which is more critical than 0.05, so the independent variable Current Ratio significantly affects the dependent variable, asset profitability in PT companies. Kalbe Farma is listed on the Indonesian Stock Exchange.
d. Prob value. The calculated F (sig) in the table above has a value of 0.001, which is smaller than the significance level of 0.005, so it can be concluded that the estimated linear regression model is suitable for use to explain the Current Ratio, Quick Ratio and Cash Ratio of the dependent variable of Asset Profitability at PT. Kalbe Farma on the Indonesian Stock Exchange

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