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Influence of Working Capital to Total Asset, EBIT to Total Asset, EBT to Current Liabilities, Sales to Total Asset and Springate Indeks on Stock Return Comparison from Two Property & Real Estate and Food & Beverage Sectors Listed on Indonesia Stock Exchange

**Rilla Gantino\***

Accounting, Esa Unggul University, Jakarta,  
Indonesia

**Endang Ruswanti**

Management, Esa Unggul University, Jakarta,  
Indonesia

**Taufiqurrahman**

Industrial Engineering, Esa Unggul University, Jakarta,  
Indonesia

\*Corresponding author's Email: [rilla.gantino@esaunggul.ac.id](mailto:rilla.gantino@esaunggul.ac.id)

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lat 306 Savoy Residencia, Block 3 F11/1, 44000 Islamabad. Pakistan,  
[info@readersinsight.net](mailto:info@readersinsight.net)

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## Research Highlights

This study aims to determine effect of Working capital to total assets, EBIT to total assets, EBT to current liabilities, Sales to total assets and Springate coefficient on Stock Return (Wahyudi, 2003), comparing in two sectors, and financial ratios will increase stock price (Pražák & Stavárek, 2017). This research was based on several previous research (Siregar, Widyana, Syamni, Ghazali, & Shabri, 2018)(Kevin, 2016)(Rifqi & Yoshio, 2016)(Hakki Öztürk, 2018) (Liang, Lu, Tsai, & Shih, 2016).The amount of data processed by food and beverage sector are 104 from 11 companies and 315 data from 37 companies in property and real estate sector. Data processing is done to answer 3 hypotheses.

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## Research Objectives

This research is continued from previous research. The results of previous studies are one of the basic analyzes after processing the current research data. Companies in both sectors choose different business strategies which are one of the causes of different performance achieved. This study calculates the ratio of Working Capital to Total Assets, EBIT on Net Assets Total Profit Before Tax towards Current Liabilities, Sales towards Total Assets and Stock Return and calculates the springate coefficient to determine the potential for bankruptcy and then processes the data to examine the hypothesis. This study analyzes the results of data processing from two different sectors. The property and real estate sector was chosen because it faced the amount of competition, sensitive to changes in prices and tastes. The data used are 2007-2016 data, in those years, the company experienced 2 times the economic conditions that were not conducive.

## Methodology

The research method used is descriptive and verification research methods. The data used in this study are secondary data in the form of financial data obtained from [www.idx.co.id](http://www.idx.co.id). The sample technique used is saturated sampling. The measurement used is ratio scale. This





study uses linear regression. The criteria used to predict the level of health performance in this Springate model are (1) S-Score > 0.862 means healthy financial condition, and (2) S-Score < 0.862 means unhealthy.

Springate Model :  $S = 1,03A + 3,07B + 0,66C + 0,4D$

## Results

FnB sector shows that the greater value of working capital to Total Asset, EBIT on Total Asset, EBT to Current Liabilities and Sales to Total Asset will decrease value of stock return and maximum return value of stock is 31.5% if they are 0. Based on concept, the greater value of working capital against asset, the greater value of net income before interest and taxes to total assets, the greater sale to total assets will increase value of stock returns.

The accuracy of springate model to predict bankruptcy or the occurrence of financial distress is 90%. (Prihanthini & Maria M, 2013) (M Fachri & Galuh, n.d.) (Springate, 1978). Based on descriptive data from 2007-2016 on FnB sector, only a few companies are potentially bankrupt. Potentially a lot more bankrupt companies occurred in 2007 and 2008.

Company's use defender strategy has Low ROA from 2007-2016, and maintaining high ROA when companies use analyzer strategy. The Company runs its business operations with stable markets so that the level of formalization within the company is high and tends to be centralized as it aims to increase efficiency so that ROA becomes high.

Significance influence of EBIT on Total Asset on stock return for FnB sector and only working capital to Total Asset have significant influence on stock return for PnR sector. Based on Rilla (Gantino, Ruswanti, & Rachman, 2017), RDTX, JRPT, and MKPI using defender strategy. When ROA above average, DAR and CR is below average. has an impact on the detection of potentially bankrupt. Companies using strategy analyzers are APLN, BAPA, BEST, BKDP, BCIP, COWL, DUTI, MORE, RBMS (Gantino et al., 2017). Based on the results springate coefficient, these companies are potentially bankrupt, and ROA, Leverage and Liquidity are much below the industry average. Similarly, companies using prospecting strategies are ELTY, BIPP, CTRA, GPRA, BKSR, SMRA, SMDM and RODA (Gantino et al., 2017). These companies are in potentially in bankruptcy condition. Also companies that use defender strategy, such as JRPT, PKPI and RDTX. ROA calculation results associated with springate coefficients, indicate that companies implementing defender strategy, ROA above average, so it has no bankrupt potential, except JRPT. Although the leverage of JRPT is above the 2007-2011 average, the company's ROA above average







## Findings

Statistic test shows the influence of Working Capital towards Total Assets, EBIT to Total Assets, Net Profit Before Tax towards Current Liabilities, and Sales towards Total Assets on stock return is only 4.7% meaning that influence stock return greater than other factor. Also the influence of coefficient springate to return stock also small, only 7%.

The equation for two sector are :

FnB :

$SR = 0.315 + (-0.41A) + (-0.0387B) + (-0.008C) + (-0.005D)$ , should have a positive effect

$SR = 0.233 + (-0.009KSpring)$ , should have a positive effect

PnR :

$SR = 0.076 + (-0.165A) + 0.486B + (-0.000C) + (-0.092D)$ , for A, C and D should have a positive effect

Note:

A = Working Capital towards Total Assets B = EBIT on Total Assets C = Net Profit Before Tax towards Current Liabilities D = Sales towards Total Assets SR= Stock Return

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