



# Factors That Influence Earning Power in Hotel, Restaurant and Tourism Sub Sector Company Listed on Indonesia Stock Exchange

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## Abstract

This study aims to determine the effect of Current Ratio (CR), Debt to Asset Ratio (DAR), Total Asset Turn Over (TATO) and Size on Earning Power as a partially and simultaneously in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange (IDX) period 2016-2018. The population used in this study were companies in the Hotel, Restaurant and Tourism sub sector listed on Indonesia Stock Exchange period 2016-2018 amounting to 35 companies. After the sample selection stage there are 15 companies become the research samples. Data analysis techniques used in this research are the classic assumption test, multiple linear regression, determination test, F test and t test. Partially the CR, DAR, TATO and Size variables show an insignificant influence on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on IDX period 2016-2018. Simultaneously the CR, DAR, TATO and Size variables indicate that there is a significant influence on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on IDX period 2016-2018.

**Keywords:** *Current Ratio (CR); Debt to Asset Ratio (DAR); Total Asset Turn Over (TATO); Size and Earning Power.*

## Introduction

The issue of rentability is very important in the survival and development of every company. The existence of large profits is not enough to reflect the level of success of a business entity without accompanied by a level of profitability that is rendable

(capital used to produce highly efficient profits). Thus what must be considered by every company is not only how to increase profits, but more importantly is an effort to enhance profitability. Rentability is one of the tools to assess the success of a company in making a profit as well as measuring the company's valuation that has worked effectively and efficiently. Rentability reflects the ability of a company's capital to generate profits. The lower the level of rentability of a company means the higher or better the level of efficiency of capital use (Elvandari, 2010).

The company chosen to be the object of this research is Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange (IDX) period 2016-2018. Based on data downloaded from the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)) and after the sample selection stage, 15 companies are listed and have complete financial data. The following is an overview of Earning Power of 15 companies of Hotel, Restaurant and Tourism sub sector that were listed on IDX period 2016-2018.

**Table 1**  
**Overview of Earning Power in Hotel, Restaurant and Tourism**  
**Sub Sector Company Listed on Indonesia Stock Exchange**  
**Period 2016-2018**

<b>Emiten</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Earning Power (Average)</b>
BAYU	0,09	0,11	0,12	0,11
BUVA	0,04	0,00	0,04	0,03
FAST	0,18	0,12	0,17	0,16
HOTL	0,13	0,05	0,02	0,07
ICON	0,08	0,13	0,18	0,13
INPP	0,01	0,02	0,03	0,02
JIHD	0,01	0,02	0,01	0,01
JSPT	0,09	0,09	0,17	0,12
MAMI	0,05	0,06	0,03	0,05
PANR	0,14	0,06	0,04	0,08
PDES	0,20	0,22	0,08	0,17
PJAA	0,13	0,20	0,20	0,18
PNSE	0,24	0,22	0,18	0,21
PTSP	0,13	0,15	0,21	0,16
SHID	0,01	0,03	0,02	0,02
<b>Average Per Year</b>	<b>0,102</b>	<b>0,099</b>	<b>0,100</b>	<b>0,100</b>

Source: Processed Data (2020)

From table 1 above, it can be seen that earning power in in Hotel, Restaurant and Tourism sub sector company listed on IDX period 2016-2018 experienced fluctuations and tended to decline. In 2017 the value of earning power was below average. This happens because of an increase in total equity that is not offset by an increase in operating profit. This causes the value of earning power to decline thereby identifying the lack of efficiency in the company's performance in managing capital owned to generate profits.

Earning power can be influenced by several factors. According to Hanafi and Halim (2007:77-81), liquidity and solvency can affect the level of rentability associated with the use of working capital. Meanwhile, according to Brigham and Joel (2010:146), there are three determinants of high and low rentability, namely liquidity, asset management and debt management. Furthermore the opinion of Brigham and Houston (2006) stated that company size can affect earning power.

According to Munawir (2007:72), liquidity is a factor that affects earning power. The liquid level of liquidity shows that the company can pay or guarantee all of its current liabilities with current assets so that the profits obtained are large and result in profitability that is rendable. The illiquidity level of liquidity will adversely affect economic profitability because the company cannot guarantee its current liabilities with current assets. So, from the description above it can be understood that the level of liquidity of a business entity can affect the level of earning power.

According to Weston and Copeland (1996:4), solvency affects earning power. A company is said to be solvable if the company can pay all its debts with the amount of assets or wealth owned so that with the condition of the solvabel, the company can maximize profits and will affect the profitability of a earning power. While insolvable solvability can be said that the company cannot pay its debts, so that it will reduce profits and have a negative impact on achieving earning power.

Another factors affecting earning power is the ratio of activity. According to Sudana (2011:21), activity ratios are ratios used to measure the effectiveness and efficiency of a company in managing its assets. According to Kasmir (2010:127), the higher the ratio of activity, the better for the company because the activities in the company that are sales will help companies in increasing profits, so that company profitability also increases.

According to Daniati and Suhairi (2006), when viewed from the size of working capital used as a measure of the size of a company, it can affect rentability. If the capital used by the company is large, then the possibility of a large profit will be achieved so that it will later affect the increased profitability. Large size companies are assumed to have large assets. Companies with larger sizes have access to operate the company. The level of sales is greater because of the broad market share so that the level of profit is getting higher and it can be said that the acquisition of earning power is rendable. So, the larger the size will increase profits and result in a rendable earning power.

Factors that affect earning power if it is corrected and still considered will generate good profits so that it can affect the level of earning power that is rendable (Elvandari, 2010). Research on the effect of liquidity on profitability has been widely carried out, including research from Christopher and Kamalavalli (2007) whose results state that partially liquidity measured by Quick Ratio and Current Ratio influences profitability. However, Chandra's research (2017) shows that partially liquidity has no effect on earning power. This shows the mismatch between previous studies.

Research from Nissim and Penman (2001), mentioned the level of debt in a company has a negative effect on the rentability of a company. Companies with low debt ratios have a lower risk of loss if economic conditions are declining, but also have lower returns if economic conditions improve. Conversely companies with high debt ratios will have a large risk of loss, but have the opportunity to obtain high profits. While Siahaan's research (2019) shows partially the Debt to Asset Ratio (DAR) variable shows that there is a significant influence on Return on Assets (ROA) in Hotel, Restaurant and Tourism sub sector company listed on IDX. This also shows the mismatch between previous studies.

Research from Elvandari (2010) shows that working capital turnover has a positive effect on earning power. The same thing was shown in Siahaan's research (2019) that partially the Total Asset Turn Over (TATO) variable showed that there was a significant effect on Return on Assets (ROA). While Chandra's research (2017) results show that there is insignificant relationship between TATO and earning power. In addition, the study conducted by Elvandari (2010) found that partially size had insignificant effect on earning power, in contrast to the results of research conducted by Christopher and Kamalavalli (2007) which found that size had a positive effect on earning power.

Based on these facts and given the importance of high earning power for companies that are not only achieved with high profit but must be accompanied by efforts to improve or pay attention to the factors that affect earning power, researchers are interested in conducting research with the title “**Factors That Influence Earning Power In Hotel, Restaurant And Tourism Sub Sector Company Listed On Indonesia Stock Exchange**”.

## **Literature Review**

### **Earning Power**

The success rate of a company’s operations can be known by looking at the level of profit achieved by the company. However, a large level of profit has not shown a measure of success that the company has worked effectively. The effectiveness of a new company can be stated by calculating the level of earning power (Chandra, 2017).

The opinion of Hanafi and Halim (2007:159), rentability is the ability of companies to generate profits by using the total assets (wealth) owned by the company after adjusting for costs to fund these assets. He stated that liquidity and solvency could affect the level of rentability associated with the use of working capital. While Brigham and Joel (2010:146), stated that there are three determinants of high and low rentability, namely liquidity, asset management and debt management. Furthermore the opinion of Brigham and Houston (2006) stated that company size also influences earning power. Earning power is generally formulated as follows:

$$\text{Earning Power} = \frac{\text{Operating Profit}}{\text{Own Capital} + \text{Borrowed Capital}}$$

### **Liquidity**

According to Munawir (2004:18), liquidity is the company’s financial obligations to other parties that have not been fulfilled, where this debt is a source of funds or company capital that comes from creditors. Then according to Riyanto (2009:25), liquidity is related to the problem of a company’s ability to meet its financial obligations which must immediately be met. The amount of payment instruments (liquid instruments) owned by a company at one time is the paying power of the company concerned. This study used Current Ratio, which is formulated as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Short Term Liabilities}}$$

## Solvency

The solvency of a company shows the company's ability to meet its financial obligations if the company is liquidated at that time. In other words solvency is the ability of a company to repay all of its debts both in the short term and long term (Riyanto, 2008:25). Meanwhile, according to Weston and Copeland (1996:4) stated that financial solvency is the ratio between the book value of all debt to total assets or the total value of the company. In this case, total debt is short-term and long-term debt, so it must be guaranteed by the entire assets or assets of the company when due. This study used Debt To Asset ratio, which is formulated as follows:

$$\text{Debt To Asset Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

## Activity

According to Kasmir (2010:113), the activity ratio is the ratio used to measure the effectiveness of a company in using its assets. Or it can also be said that this ratio is used to measure the level of efficiency in the utilization of company resources. Activity ratio according to Sudana (2011:21), is a ratio used to measure the effectiveness and efficiency of a company in managing the assets of the company. This study used Total Asset Turn Over, which is formulated as follows:

$$\text{Total Assets Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

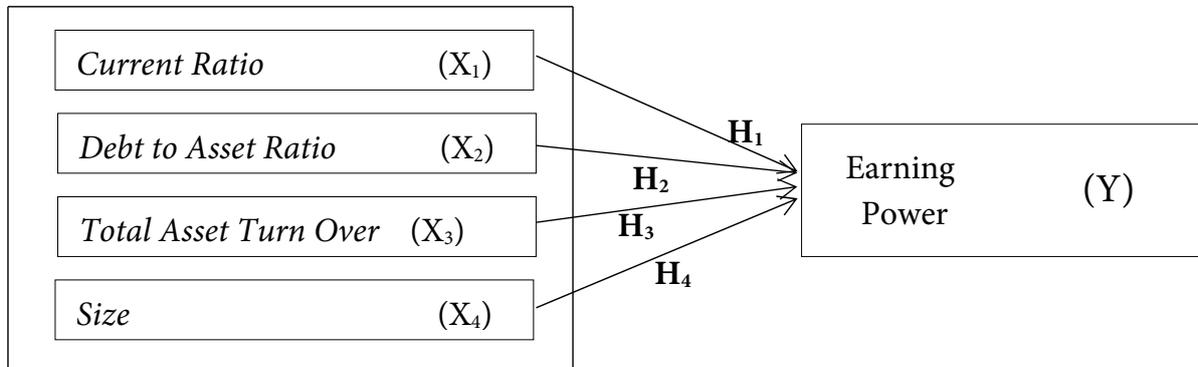
## Size

Size is the size of the company that can be seen from the size of the capital used, total assets owned, or the total sales obtained. Size can be measured using the total assets, sales, or capital of the company (Daniati and Suhairi, 2006). According to Hery (2017:11-12), the size of the company describes the size of a company that can be expressed by total assets or total net sales. The greater the total assets and sales, the greater the size of a company. The greater the assets, the greater the capital invested,

while the more sales, the more the velocity of money in the company. In this study, size is seen from the total assets owned by the company, which is formulated as follows:

$$\text{Size} = \text{Ln}(\text{Total Assets})$$

## Framework



## Hypothesis

According to Arikunto (2006:71), the hypothesis is a temporary answer to the research problem, until proven through the data collected. Based on the framework above, the hypothesis that will be proposed in this study is stated as follows:

- H<sub>1</sub> : Current Ratio has a significant effect on earning power.
- H<sub>2</sub> : Debt to Asset Ratio has a significant effect on earning power.
- H<sub>3</sub> : Total Asset Turn Over has a significant effect on earning power.
- H<sub>4</sub> : Size has a significant effect on earning power.
- H<sub>5</sub> : Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size have a significant effect on earning power.

## Methodology

### Research Approach

The research approach is used to facilitate research. This research uses associative research. Associative research is research that aims to determine the relationship between two or more variables. The reason researchers use associative research because researchers want to know the influence of the variable Current Asset (CR), Debt to Asset Ratio (DAR), Total Asset Turn Over (TATO) and Size on Earning Power in

Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018 (Sugiyono, 2012).

## **Population and Sample**

The population used in this study is Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018 amounted to 35 companies.

Sampling in this study used a purposive sampling method, which is the sampling technique with certain considerations. The criteria for sampling are chosen based on the following considerations:

- a. Hotels, Restaurants and Tourism sub sector company listed on Indonesia Stock Exchange for the period of 2016-2018.
- b. Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange that publish their complete financial statements and have been audited during the 2016-2018 period.
- c. Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange that have never suffered losses during the 2016-2018 period.

From the results of purposive sampling, there are 15 companies sampled in this study, which are Bayu Buana Tbk (BAYU), Bukit Uluwatu Villa Tbk (BUVA), Fast Food Indonesia Tbk (FAST), Saraswati Griya Lestari Tbk (HOTL), Island Concept Indonesia Tbk (ICON), Indonesia Paradise Property Tbk (INPP), Jakarta Int'l Hotel & Dev Tbk (JIHD), Jakarta Setiabudi Int'l Tbk (JSPT), Mas Murni Indonesia Tbk (MAMI), Panorama Sentrawisata Tbk (PANR), Destinasi Tirta Nusantara Tbk (PDES), Pembangunan Jaya Ancol Tbk (PJAA), Pudjiadi & Son Estate Tbk (PNSE), Pioneerindo Gourment Int'l Tbk (PTSP), Hotel Sahid Jaya Tbk (SHID).

## **Data Collection Technique**

Data collection techniques in this study were carried out using documentation techniques. The data used in this study are quantitative data sourced from secondary data. The data source used is secondary data source obtained by taking data published by the Indonesia Stock Exchange (IDX) from its official website ([www.idx.co.id](http://www.idx.co.id)), namely the financial statements of the Hotel, Restaurant and Tourism sub sector company period 2016- 2018.

## Results and Discussion

### Classic Assumption Test

#### Data Normality Test

**Table 2.** Data Normality Test

		Unstandardized Residual
N		45
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,06058684
Most Extreme Differences	Absolute	,172
	Positive	,172
	Negative	-,081
Kolmogorov-Smirnov Z		1,153
Asymp. Sig. (2-tailed)		,140

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results of the Kolmogrov Smirnov One-Sample normality test above, it can be seen Asymp. Sig. (2-tailed) on the unstandardized residual variable is 0.140 > alpha 0.05, it is stated that the data are normally distributed.

#### Multicollinearity Test

**Table 3.** Multicollinearity Test

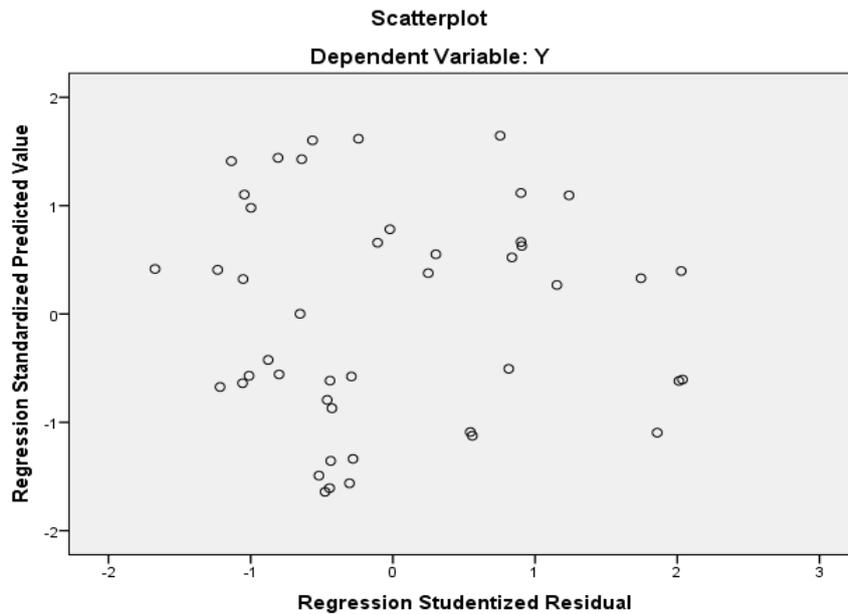
Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 X1	,956	1,046
X2	,784	1,275
X3	,824	1,213
X4	,750	1,333

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results above, it is known that the TOL value (Tolerance) variable X1 (CR) is 0.956, variable X2 (DAR) is 0.784, variable X3 (TATO) is 0.824 and variable

X4 (Size) is 0.750, has a value greater than 0, 10 and VIF (Variance Inflation Factor) variable X1 (CR) of 1.046, variable X2 (DAR) of 1.275, variable X3 (TATO) of 1.213 and variable X4 (Size) of 1.333 smaller than 10, then the regression model no multicollinearity symptoms occur.

### Heteroscedasticity Test



**Picture 1.** Heteroscedasticity Test

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results above, it can be seen that the plot spreads randomly above or below zero on the axis of the Regulated Studentized Residual. Therefore, in the regression model that was formed, it was stated that there were no heteroscedasticity symptoms.

### Autocorrelation Test

**Table 4.** Autocorrelation Test

Model	Std. Error of the Estimate	Durbin-Watson
1	,06354	1,624

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results above, it appears that the Durbin-Watson value is 1.624. In the Durbin-Watson table with  $n = 45$ ,  $k = 4$ , we will get the value  $dL = 1.336$ ,  $dU = 1.720$ . Then the Durbin-Watson value from the above results is at  $dL \leq d \leq dU$  or it can be explained that  $1,336 \leq 1,624 \leq 1,720$ . Then it can be concluded that the regression model has no negative correlation.

## Quantitative Descriptive Analysis

### Multiple Linear Regression Analysis

**Table 5.** Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	,589	,326	
1 X1	,000	,016	-,001
X2	,110	,088	,187
X3	,024	,014	,254
X4	-,020	,011	-,278

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results of the multiple linear regression analysis above, the regression equation model is as follows:  $\hat{Y} = 0.589 + 0.000X1 + 0.110X2 + 0.024X3 - 0.020X4$ . This means that Current Ratio, Debt to Asset Ratio and Total Asset Turn Over have a positive effect, while size has a negative effect on earning power in the Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.

### Determinant Coefficient ( $R^2$ )

**Table 6.** Determinant Coefficient ( $R^2$ )

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,548 <sup>a</sup>	,300	,231	,06354

Source: Data Processing Results (SPSS 21.0), 2020

Based on the results above, it appears that the value of  $r$  is 0.548 which means that there is a moderate correlation or relationship between earning power variables with independent variables (Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size). While the coefficient of determination (R square) is 0.300 or 30%. This means that 30% of earning power can be explained by the four independent variables, while the remaining 70% is explained by other variables which is not explained in this study.

## Hypothesis Testing

### Simultaneous Test (F Test)

**Table 7.** Simultaneous Test (F Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,069	4	,017	4,296	,006 <sup>b</sup>
Residual	,162	40	,004		
Total	,231	44			

Source: Data Processing Results (SPSS 21.0), 2020

Based on the F test results above, the  $F_{\text{count}}$  value of 4.296 is greater than the  $F_{\text{table}}$  with (0.05; 4VS (45-4-1 = 40)) of 2.61 or with a significance of 0.006 smaller than  $\alpha = 0.05$  then  $H_0$  is rejected, which means that Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size have a significant effect on earning power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange for the period of 2016-2018.

### Partial Test (t test)

**Table 8.** Partial Test (t test)

Model	T	Sig.
(Constant)	1,807	,078
X1	-,009	,993
1 X2	1,250	,218
X3	1,744	,089
X4	-1,823	,076

Source: Data Processing Results (SPSS 21.0), 2020

From the results of the t test above, it can be seen the effect of each independent variable on the dependent variable as follows:

1. Current Ratio has a  $t_{\text{count}}$  of -0.009 smaller than  $t_{\text{table}}$  with  $dF = n-k-1$  ( $45-4-1 = 40$ ) of 2.02108 and a significance value of 0.993 greater than 0.05. Based on these values it can be concluded that  $H_0$  is accepted, meaning that the Current Ratio has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.
2. Debt to Asset Ratio has a  $t_{\text{count}}$  of 1.250 smaller than  $t_{\text{table}}$  with  $dF = n-k-1$  ( $45-4-1 = 40$ ) of 2.02108 and a significance value of 0.218 greater than 0.05. Based on these values it can be concluded that  $H_0$  is accepted, meaning that the Debt to Asset Ratio has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.
3. Total Asset Turn Over has a  $t_{\text{count}}$  of 1.744 smaller than  $t_{\text{table}}$  with  $dF = n-k-1$  ( $45-4-1 = 40$ ) of 2.02108 and a significance value of 0.089 greater than 0.05. Based on these values it can be concluded that  $H_0$  is accepted, meaning that Total Asset Turn Over has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.
4. Size has a  $t_{\text{count}}$  of -1.823 smaller than  $t_{\text{table}}$  with  $dF = n-k-1$  ( $45-4-1 = 40$ ) of 2.02108 and a significance value of 0.076 greater than 0.05. Based on these values it can be concluded that  $H_0$  is accepted, meaning that size has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.

## Discussion

### Effect of Current Asset (CR) on Earning Power

Current Asset partially has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018. This shows that  $H_1$  is rejected. The results of this study are in line with the results of previous studies conducted by Chandra (2017) and Elvandari (2010)

who concluded that partially showed an insignificant effect between liquidity and earning power. In Elvandari's research (2010) on the analysis of factors that influence earning power in KPRI in Demak Regency, it is concluded that liquidity will affect earning power only at a certain point, which is around 200%, if past that point liquidity will not affect earning power.

### **The Effect of Debt to Asset Ratio (DAR) on Earning Power**

Debt to Asset Ratio partially has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018. This shows that  $H_2$  is rejected. The results of this study are in line with the results of previous studies conducted by Elvandari (2010) and Nissim and Penman (2001), who concluded that partially showed an insignificant effect between solvency and earning power. This means that solvency under any circumstances does not greatly affect the achievement of earning power because a lot of loan capital (debt from creditors both short-term and long-term) also does not guarantee a low level of earning power (Elvandari, 2010).

According to the concept of Horne and Wachowicz (1997:138), the ratio of debt to total assets emphasizes the importance of debt funding for companies by showing the percentage of company assets supported by debt funding. The higher this ratio, the greater the financial risk. The lower this ratio the lower the company's financial risk. In addition, according to the concept of Hanafi and Halim (2007:81) stated that solvency as measured by debt to total assets, calculates how far the funds provided by creditors. A high ratio means the company uses high financial leverage. The use of high financial leverage will increase profitability quickly, but conversely if sales decline rentability will decrease quickly as well.

### **Effect of Total Asset Turn Over (TATO) on Earning Power**

Total Asset Turn Over partially has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018. This shows that  $H_3$  is rejected. That is, the increase in the value of the company's activity ratio as measured by the value of Total Asset Turnover (TATO) is not followed by an increase in the value of earning power in the Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange. The results of this study are in line with the results of a study previously conducted by Chandra

(2017), who concluded that partially showed an insignificant effect between activity and earning power.

### **Effect of Size on Earning Power**

Size partially has insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018. This shows that  $H_4$  is rejected. The results of this study are in line with the results of a study previously conducted by Elvandari (2010), which concluded that partially showed an insignificant effect between size and earning power. This means that the amount of total assets owned by the company is not a guarantee that the company is said to be rendable. Medium businesses have fewer total assets when compared to large businesses that are assumed to have large total assets as well so as to maximize their profits which will ultimately increase earning power (Elvandari, 2010). According to Hartono's concept (2000:254) stated, large businesses have more access to the market besides large businesses also have better management, and this facilitates large businesses to obtain large profits.

### **Effect of Liquidity, Solvency, Activity and Size on Earning Power**

According to the SPSS version 21 results, it is known that the level of earning power is influenced by liquidity, solvency, activity and size by 30%. While other factors outside the object of research have an effect of 70%. The magnitude of the effect simultaneously is due to:

1. Current Ratio partially has insignificant effect on earning power. Although Current Ratio has insignificant effect, Current Ratio simultaneously still contributes to the earning power despite its small contribution.
2. Debt to Asset Ratio is partially has insignificant effect on earning power. Although Debt to Asset Ratio has insignificant effect, Debt to Asset Ratio simultaneously still contributes to the earning power despite its small contribution.
3. Total Asset Turn Over partially has insignificant effect on earning power. Although Total Asset Turn Over has insignificant effect, the Total Asset Turn Over simultaneously still contributes to the earning power despite its small contribution.

4. Size partially has insignificant effect on earning power. Although Size has insignificant effect, the Size simultaneously still contributes to the earning power despite its small contribution.

The results of this study prove that  $H_5$  is accepted because Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size simultaneously affect the earning power of Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018. The effect of 54.8% means that the variable Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size have a moderate role in increasing earning power.

## **Conclusion**

From the results of the research and discussion, it can be concluded as follows:

1. Partially the variables of Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size variables show insignificant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.
2. Simultaneously the variables of Current Ratio, Debt to Asset Ratio, Total Asset Turn Over and Size show that there is a significant effect on Earning Power in Hotel, Restaurant and Tourism sub sector company listed on Indonesia Stock Exchange period 2016-2018.

## **Suggestion**

1. The company should not add too much debt because if the debt is too high will cause interest costs to be high so that it will have an impact on corporate profits.
2. The company should balance all debts with all assets owned so that there is no accumulation of assets that can cause assets to be unproductive.
3. The company should maximize the use of total assets owned by the company in order to generate higher sales so that asset turnover to generate greater sales and will also increase company efficiency.
4. The company should pay attention to the company's assets so that no one is unemployed and reduce the purchase of assets so that the equity owned can be maximized to increase sales and will also increase company profits.

5. For the weaknesses and limitations of the author, it is expected for further researchers to expand the study by using other ratios that affect earning power such as profit margins and turnover of operating assets.

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