FACTOR THAT AFFECTING DEBT TO EQUITY RATIO IN THE INDONESIA'S TOURISM INDUSTRY SECTOR

TAN NATASYA YONA CALISTA
PURWANTO[1,2]
PRESIDENT UNIVERSITY

ABSTRACT

The research aim is to examine the influence of working capital turnover, current ratio, cash ratio, firm size and return on assets toward debt to equity ration in the tourism industry sector listed on the Indonesia Stock Exchange. This is a quantitative research which takes data from the company's audited financial statement. There are five independent variables which are being examined by descriptive statistical analysis, classical assumption tests, multiple linear regression, and hypotheses testing. The population of this research is tourism companies and stores 10 samples of companies fulfilled certain criteria in the period of 2012-2018 annually. The technique used for multiple linear regression panel data is the random effect model. The outcomes reveal a value of adjusted R-squared towards dependent variable is 33.22% and the independent variables of working capital turnover, current ratio, firm size and return on assets have a significant influence on debt to equity ratio in hypotheses testing. The most significant independent variable influences debt to equity ratio in the tourism industry sector in Indonesia is working capital turnover. High working capital turnover indicates this shortage of working capital which may be due to high inventory turnover, accounts receivable or cash balances that are too small.

Keywords**: **Debt to Equity Ratio, Solvency, Tourism Industry, Working Capital Turnover

[1] *Corresponding Author*
[2] *Email: purwanto@president.ac.id*

Article Info:
Received 15 March 2021│ Revised 12 July 2021│ Accepted 10 November 2021

1. INTRODUCTION

The business has something to reduce expenses costs and gain a profit. On the other hand, it is not easy to make a profit. Getting profit becomes the most important point for a company to survive. Profitability stands for two words namely profit and ability. This capability can demonstrate the financial and operational strength of a business for profit, called income performance. The right idea about changes in company performance must go along with the understanding of profit figures which report the amount of income and business efficiency during a specific period time. The higher debt to equity indicates the greater the company's dependence on outsiders so that the risk level of the company is greater in meeting its debts by paying the principal plus the interest. In a short time, the capability of the company to fulfill responsibility is called debt. Here can be more understood that if one day the company is going to be billed, the company can pay debts directly or not, especially when the debts are in past due condition.

The tourism industry sector is one of the economic sectors which can be said to be most involved in the movement of people and capital between countries. People know how to show the ability of a company to utilize working capital to create sales, which is why it is going to be challenging to discuss working capital turnover in the tourism industry sector. There is a new direction on hospitality and tourism which has a relationship between culture and the original environment. Hospitality and tourism businesses have a close relationship with culture and the environment (Liem, 2013). The tourism industry in Indonesia is arguably very promising. As clear evidence, Indonesia found out the increasing of foreign tourist arrivals for tourism. The number of foreign tourist arrivals coming to Indonesia has continued to increase from 2007-2015. The good performance was strongly supported by the incidents in Indonesia.

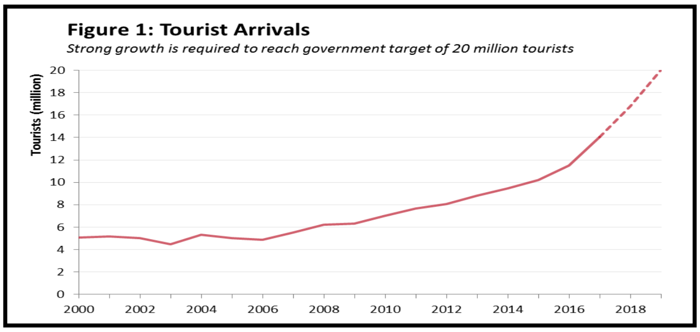

Figure 1.
Tourist Arrivals

The tourism industry in Indonesia is arguably very promising as explained in figure 1. That the tourist arrivals who coming to Indonesia from 2000 until 2018 that increased year to year. As clear evidence, Indonesia found out the increasing of foreign tourist arrivals for tourism. The number of foreign tourist arrivals coming to Indonesia has continued to increase from 2007-2015. The good performance was strongly supported by the incidents in Indonesia. This is all because of the "Wonderful Indonesia" campaign activity. In several tourism companies, the development of the tourism industry is not indicated by sales. The tourism sector industry shows rapid growth from year to year (Angela, 2018). Following the phenomenon which has been explained above about financial ratio analysis in the leverage debt to equity ratio in the tourism sector industry in Indonesia some cases appear. The service industry can be regarded as the latest development that can occur in this country. At present, tourism and medical tourism are very fast-growing sectors. Also, there are lots of problems faced by financial analysis, especially in the debt to equity ratio leverage.

2. LITERATURE REVIEW

Financial Ratio

Financial ratios as comparisons of two data contained financial statements in the company. If a company can pay its debts, then it can be said that this company has a good financial ratio. Where financial ratios can determine the performance of a company by creditors as cited by Putri (2013) from Dennis (2006). Financial ratios are grouped with different terms, the purpose of the analysis.

Leverage Ratio

The leverage ratio is the ratio to act as a compliment and a backstop, especially to risk-based capital requirements. Each debt will incur individual costs. The greater the loan, the greater the interest expense that must be paid. Costs in the form of interest expense are usually called financial leverage (Gambacorta, 2014). Financial leverage arises because of financial obligations that are fixed (fixed financial charges) that must be issued by the company as cited by Ludijanto (2014) from Syamsuddin (2011).

Working Capital Turnover

Working capital turnover uses to measure or assess the effectiveness of the working capital of the company during a certain period. A period is how much working capital circled. The efficiency of working capital as seen from the working capital turnover of the good segments from the working capital. The shorter the turnover period, the faster the turnover will make the higher working capital turnover.

Equation 1. Working Capital Turnover

$$\text{Working Capital Turnover Ratio Formula} = \frac{\text{Sales}}{\text{Working Capital}}$$

Current Ratio

The current ratio is a measure of general liquidity in the ratio. This ratio is widely used to make short-term liquidity analyses in the company. This is a relatively high current ratio as an indication that the company has liquidity.

Equation 2. Current Ratio

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

Cash Ratio

Cash ratios to identify the extent of their relationship with operating profit margins in the company. There is a positive relationship between current ratios, quick ratios, and operating profit margins in contrast to cash ratios not related to operating profit margins (Durrah, 2016). Cash ratios can measure the liquidity in a company.

Equation 3. Cash Ratio

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent} + \text{Short term Investments}}{\text{Current Liabilities}}$$

Firm Size

Firm size is a key factor that can influence the tendency to innovate. Increase the size of the company it has been found that it can be positively correlated with an increasing tendency to implement service and marketing innovations (Nguyen, 2018). There is a firm size for each company.

Equation 4. Firm Size

$$Firm\ Size = Ln\ Total\ Assets$$

Return on Asset

Return on asset can measure the profitability of hotel companies. The stock prices can help the hotel to evaluate the stock performance. A comprehensive measure or company performance score can be calculated with this. The results can also represent the overall financial performance of a hotel company (Chen, 2010).

Equation 5. Return on Assets

$$Return\ on\ assets = \frac{Net\ income}{Total\ assets}\ x\ 100$$

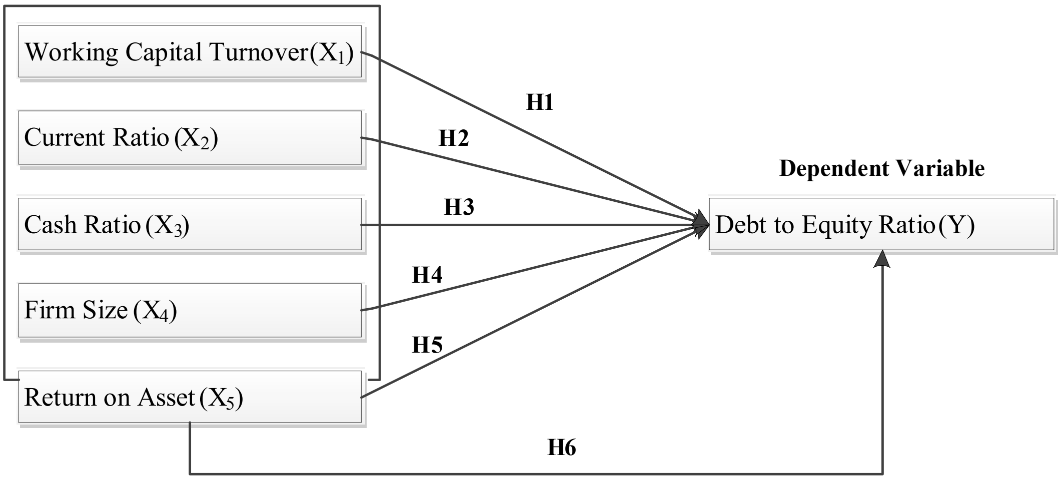

Figure 2.
Theoretical Framework

The researcher decided to choose the debt to equity ratio as dependent variable. There are 5 (five) independent variables of this research that consist of financial ratio analysis which are working capital turnover, current ratio, cash ratio, firm size and return on assets. All this framework scoped tourism industry sector in Indonesia.

Hypotheses

H_1 : There is significant influence working capital turnover towards debt to equity ratio.
H_2 : There is significant influence current ratio towards debt to equity ratio.
H_3 : There is significant influence cash ratio towards debt to equity ratio.
H_4 : There is significant influence firm size towards debt to equity ratio.
H_5 : There is significant influence return on assets towards debt to equity ratio.
H_6 : There is significant influence of working capital turnover, current ratio, cash ratio, firm size and return on assets toward debt to equity ratio.

3. RESEARCH METHODS

Research Design

In accordance to provide information to fulfill the research needs, it necessary for the researcher to use a method called sampling design which will help the researcher or author of this research in determining the sample of the study. Samples can also be defined as a group with a relatively smaller number. Which number of people or things selected from a population for investigation with clear and focus sample from the selected population, this research will generate a result with high accuracy level. There are several phases of sampling design which is commonly used for defining the population, determining the sampling method, and determining the sample size of research.

Population and Sampling

The size should be optimal. The optimal sample is a sample that can meet the requirements of efficiency, representativeness, reliability, and flexibility. This study has criteria for the sample as follows:

1. There are 35 (thirty-five) companies of the hotel, restaurant, and tourism in Indonesia that which listed on the Indonesia Stock Exchange.
2. Tourism companies have been gone public on the Indonesia Stock Exchange.
3. There are 10 (ten) Tourism companies in Indonesia which published their yearly financial report continuously and have their company report published in Indonesia Stock Exchange during the period of from 2012 to 2018.

The criteria can help the researcher, especially to select the tourism sector as a sample. There are 35 out of 10 tourism companies in Indonesia has selected by the researcher. The data used in this study is the annual yearly data. The researcher uses period time from 2012 until 2018. The data observations have chosen 70 observations of data in total.

Table 1. Sample Proportion

No	Tourism's Company	2012	2013	2014	2015	2016	2017	2018
1	PT Bayu Buana Tbk	1	1	1	1	1	1	1
2	PT Hotel Mandarine Regency Tbk	1	1	1	1	1	1	1
3	PT Saraswati Griya Lestari Tbk	1	1	1	1	1	1	1
4	PT Island Concepts Indonesia Tbk	1	1	1	1	1	1	1
5	PT Indonesian Paradise Property Tbk	1	1	1	1	1	1	1
6	PT Jakarta International Hotel and Developments Tbk	1	1	1	1	1	1	1
7	PT Jakarta Setiabudi Tbk	1	1	1	1	1	1	1
8	PT Mas Murni Indonesia Tbk	1	1	1	1	1	1	1
9	PT Pembangunan Jaya Ancol Tbk	1	1	1	1	1	1	1
10	PT Red Planet Indonesia Tbk	1	1	1	1	1	1	1
	Total	10	10	10	10	10	10	10
					70 Observation Data			

4. RESULT AND DISCUSSIONS

Descriptive Analysis

Descriptive analysis interpreted an overview of the phenomenon or characteristics of the data. The aim is to make it easier in reading data and figure out the meaning of it. The result of the processed data in form of descriptive statistics will describe the characteristics of the sample used in this research, which including the number of samples (N), an average of samples (mean), minimum and maximum values, and standard deviations for each research variable. The description in this research consists of six variables, namely debt to equity ratio (DER), working capital turnover (WCTO), current ratio (CR), cash ratio (CaR), firm size (Size), and return on assets (ROA) which presented below:

Table 2. Descriptive Statistics Result

	DER	WCTO	CR	CAR	SIZE	ROA
Mean	0.817174	4.742085	1.361077	0.572531	6.031346	1.716863
Median	0.686016	2.176356	1.265478	0.525756	5.874926	0.302606
Maximum	3.146550	214.5507	3.311267	2.324846	9.823173	9.246091
Minimum	0.123598	-232.5478	0.201541	0.011982	3.519566	-0.153368
Std. Dev.	0.624456	44.36899	0.661600	0.526896	1.509517	2.402528
Obs	70	70	70	70	70	70

Source: EViews Enterprise 10

These points below are the elaborations of the information about variables in descriptive statistical analysis:

1. DER is mentioned as the dependent variable in this research and it is obtained by total liabilities divided total equity from sample included. The mean value of this variable is 0.817174 and the standard deviation is 0.624456. DER has a maximum value in 3.146550 occurred on PT. Island Concepts Indonesia Tbk in 2012 and the minimum value in 0.123598 occurred on PT Red Planet Indonesia Tbk in 2017.
2. WCTO in this research categorized as the independent variable. The mean value is 4.742085 and the standard variation is 44.36899. The minimum value is -232.5478 that occurred on PT. Mas Murni Indonesia Tbk in 2013. Meanwhile, PT. Mas Murni Indonesia Tbk in 2012 is having the maximum value of 214.5507 as well.
3. CR in this research categorized as the independent variable. The mean value is 1.361077 and the standard variation is 0.661600. The minimum value is 0.201541 that occurred on PT. Saraswati Griya Lestari Tbk in 2015. Meanwhile, PT Indonesia Paradise Property Tbk in 2016 is having the maximum value of 3.311267 as well.
4. CaR in this research categorized as the independent variable. The mean value is 0.572531 and the standard variation is 0.526896. The minimum value is 0.011982 that occurred on PT. Hotel Mandarine Regency Tbk 2018. Meanwhile, PT Indonesia Paradise Property Tbk in 2016 is having the maximum value of 2.324846 as well.
5. SIZE in this research categorized as the independent variable. The mean value is 6.031346 and the standard variation is 1.509517. The minimum value

is 3.519566 that occurred on PT. Jakarta Setiabudi Internasional Tbk in 2012. Meanwhile, PT. Jakarta International Hotels and Developments Tbk in 2017 is having the maximum value of 9.823173 as well.

6. ROA in this research categorized as the independent variable. The mean value is 1.716863 and the standard variation is 2.402528. The minimum value is -0.153368 that occurred on PT Red Planet Indonesia Tbk in 2015. Meanwhile, PT. Pembangunan Jaya Ancol Tbk in 2015 is having the maximum value of 9.246091 as well.

Panel Data Regression

In panel data regression model, the analysis could be done by three analysis such as common effect, fixed effect, and random effect. The panel data regression this research use to be random effect. The reason from the following result:

Table 3. Hausman Test Result

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	5	1.0000

Source: EViews Enterprise 10

The value of probability in Hausman test is 1,0000. It means if the value of probability is higher than the significance level which is 5% or 0.05, thus H_0 is accepted and Ha is rejected, it means the random effect model is preferable to be used as a right approach for this research.

Classical Assumption Test

1. Normality Test

In research, normality test towards residual values uses the Jarque-Bera (JB) test, with a significance level used is 0.05 in aim to figure out whether the data is normally distributed (Hikmah, 2017).

The result of probability in this research based on Figure 4.1 is 0.230212 which greater than significance level α = 0.05. Thus, the data is proven normally distributed and indicates that the assumption of normality test is fulfilled.

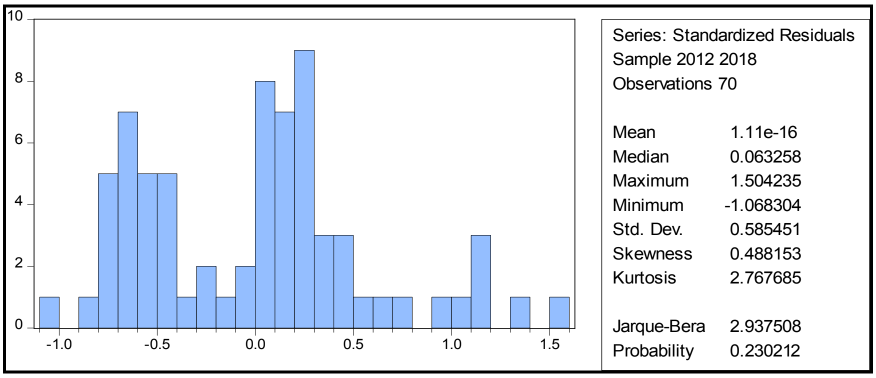

Figure 3.
Normality Test

2. Heteroscedasticity Test

The regression model is accepted if heteroscedasticity issues do not raise up or even exist.

Table 4. Heteroscedasticity Test

Dependent Variable: DER
Method: Panel EGLS (Cross-section random effects)
Date: 07/28/20 Time: 23:09
Sample: 2012 2018
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances
White cross-section standard errors & covariance (d.f. corrected)

Source: EViews Enterprise 10

Based on Table 4 above, it gives information if the research has no heteroscedasticity. Hence, it fulfills the BLUE parameter requirements.

3. Autocorrelation Test

A good regression model is a model that does not contain autocorrelation problems. This test can be done by using Durbin Watson. The data can be proven free from autocorrelation symptom, when the result is implying between -2 and +2 (Santoso, 2014). The result of Durbin-Watson of this research is 1.498428 which shows a value of more than -2 and less than +2. Hence, there is no autocorrelation happening in this research.

Table 5. Durbin Watson Test

Weighted Statistics	
Durbin-Watson stat	1.498428

Source: EViews Enterprise 10

4. Multicollinearity

In this research, a multicollinearity symptom can be seen from the correlation values between variables contained in the correlation matrix. If there is a correlation above 0.8 between independent variables, interpreted as the multicollinearity problem (Gujarati, 2012). On the other words, the suggested correlation values in observed data should be less than 0.8. The result of this test is shown in Table 4.5 below:

Table 6. Multicollinearity Test

	WCTO	CR	CAR	SIZE	ROA
WCTO	1.000000	0.018158	0.025262	-0.041191	0.057994
CR	0.018158	1.000000	0.747950	-0.111453	-0.039517
CAR	0.025262	0.747950	1.000000	-0.021775	0.217195
SIZE	-0.041191	-0.111453	-0.021775	1.000000	0.057595
ROA	0.057994	-0.039517	0.217195	0.057595	1.000000

Source: EViews Enterprise 10

Multiple Regression Test

The use of multiple regression tests is to find out the influence between working capital turnover, current ratio, cash ratio, firm size and return on assets towards debt to equity ratio in Indonesia's tourism industry sector from 2012 until 2018:

Table 7. Multiple Regression Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.127813	0.592828	3.589259	0.0006
WCTO	0.004279	0.001675	2.554418	0.0130**
CR	-0.206611	0.114799	-1.799757	0.0766***
CaR	-0.003757	0.180480	-0.020815	0.9835
SIZE	-0.163778	0.068840	-2.379113	0.0203**
ROA	-0.034808	0.015950	-2.182313	0.0328**

Source: EViews Enterprise 10

** = $p < 0.05$ and *** = $p < 0.1$ (Johan, 2012)

The equation of multiple linear regression can be generated into:

$$\boxed{Y = 2.127813 + 0.004279\ WCTO - 0.206611\ CR - 0.003757\ CaR - 0.163778\ SIZE - 0.034808\ ROA}$$

It indicates if independent variables which are working capital turnover, current ratio, cash ratio, firm size and return on assets is constant, thus debt to equity ratio value will change by value of 2.127813. Regression coefficient of working capital turnover with value of 0.004279, this means working capital turnover has influence towards debt equity ratio. It can be explained if working capital turnover value increase by 1 point, with assumption other variables are constant, then debt to equity ratio will be increased by 0.004279 points. Regression coefficient of current ratio with value of -0.206611, this means current ratio has influence towards debt equity ratio. It can be explained if current ratio value increase by 1 point, with assumption other variables are constant, then debt to equity ratio will be decreased by 0.206611 points. Regression coefficient of cash ratio with value of -0.003757, this means cash ratio has no influence towards debt equity ratio. Regression coefficient of firm size with value of -0.163778, this means firm size has influence towards debt equity ratio. It can be explained if firm size value increase by 1 point, with assumption other variables are constant, then debt to equity ratio will be decreased by 0.163778 points. Regression coefficient of return on assets with value of -0.034808, this means return on assets has influence towards debt equity ratio. It can be explained if working capital turnover value increase by 1 point, with assumption other variables are constant, then debt to equity ratio will be decreased by 0.034808 points.

Coefficient Determination (R^2)

The coefficient of determination to measure which independent variables that influence the dependent variable (Winarno, 2011). The test result of coefficient determination in this research explains as follows:

Table 1. Coefficient of Determination Result

Weighted Statistics	
R-squared	0.380573
Adjusted R-squared	0.332180

Source: EViews Enterprise 10

Referring to Table 4.8 that shows the coefficient of determination result, the value adjusted R-squared is 0.332180. The variation of independent variables used in this research which are WCTO, CR, CaR, SIZE and ROA can explain 33.218% the variation of DER in-Tourism Industry. Therefore, 66.782% as the remaining percentage determined by other factors or independent variables which are not discussed within this research.

5. INTEPRETATION OF RESULTS

Interpretation

1. The Influence of WCTO towards DER

The first hypotheses states that there is a significant partial influence of working capital turnover towards debt to equity ratio of the tourism industry sector in Indonesia. According to the table 4.6 which presents significant value of 0.0130 the hypothesis is accepted. The shorter the period means the faster the turnover or the higher the turnover rate. The length of the working capital turnover period depends on how long the rotation period of each component of the working capital. Working capital management appears as a stronger predictor of financial performance in hotels compared to service quality (Kizito, 2018). Working capital turnover have a significant effect in simultaneously towards return on assets (Widiyanti, 2014). Thus, working capital turnover partially has a significant effect on debt to equity ratio. As the opposite, research done by Wibowo (2018) between working capital turnover influences return on assets has no significant. Where in this research working capital turnover towards debt to equity ratio has a significant though the dependent between previous researchers in this research is different. One to measure or assess the effectiveness of the working capital of the company during a certain period. The higher the working capital owned by the company, the better the condition of the company.

2. The Influence of CR towards DER

The second hypothesis states that there is a significant partial influence of the current ratio towards the debt to equity ratio of the tourism industry sector in Indonesia. According to the table 4.6 which presents a significant value of 0.0766 the hypothesis is accepted with the level of significant 0.1. It is important to maintain the current ratio at a certain level which means the company can pay its current debt without delay. Therefore, companies must continue to ensure the level of current assets. At a certain level, the level of assets is higher than current debt. This might be anticipated to reduce the ratio that currently requires a decrease in profitability. However, it must be stressed that the current ratio level is very high (Zygmunt, 2013). Widiyanti (2014) cited that there is no significant of current ratio towards return on assets. While the dependent variable is different with this research, but the results is current ratio has no significant towards debt to equity ratio. As the opposite, a research conducted by Sondakh (2015) found that there is a significant between current ratio to stock prices. With this result the higher current ratio shows the high profit growth.

3. The Influence of CaR towards DER

The third hypothesis states that there is a significant partial influence of the cash ratio towards the debt to equity ratio of the tourism industry sector in Indonesia. According to the table 4.6 which presents a significant value of 0.9835 the hypothesis is rejected. Indirectly this ratio shows the real ability of the company to pay its short-term debts. This current asset ratio can be said to only depend on short-term investments plus cash that is associated with short-term liabilities as cited by Durrah (2016) from Gibson (2009). Cash ratios are a tool used to measure how much cash is available to pay debts. The availability of cash can be shown from the availability of cash funds or cash equivalents such as checking or savings accounts in banks. Also similar with research Rechman (2015) that there is negative significant cash ratio towards the return asset ratio and return equity ratio. While the independent variables in previous research and in this research different but for the independent variables both of them use cash ratio.

4. The Influence of Size towards DER

The fourth hypothesis states that there is a significant partial influence of firm size towards debt to equity ratio of the tourism industry sector in Indonesia. According to the table 4.6 which presents significant value of 0.0203 the hypothesis is accepted. Firm size has been found to be a key factor that can influence the tendency to innovate. Increase the size of the company it has been found that it can be positively correlated with an increasing tendency to implement service and marketing innovations (Nguyen, 2018). Firms tend to be more innovative as firm size or scale, or range of activities increases positive impact observed from company size is important. Also, empirical finding with research Agiomirgianakis (2013) said that firm size has a significant impact towards return on investment. The size of a company is one of the factors that companies use to determine how much capital structure policy is in meeting the large assets of a company. If the company gets bigger than the bigger funds will be issued, either from debt policy or own capital in maintaining or developing the company.

5. The Influence of ROA towards DER

The fifth hypothesis states that "there is a significant partial influence of firm size towards debt equity ratio of the tourism industry sector in Indonesia. According to the table 4.6 which presents significant value of 0.0328 the hypothesis is accepted. Return on assets is the return of total assets of a company. Return on assets focuses on the ability to obtain earnings in the operations in a company. This can be determined by the product of profit margins and total asset turnover, a company that performs well will have a higher return on assets (Hsiao, 2017). A company's performance can be seen from the total return on assets it has. A company that performs well will have a higher return on assets. This is in line with previous research by Gai (2017). As the opposite, research done by Angela (2018) found that if debt to equity ratio as independent has no significant towards stock price in tourism industry.

6. The Influence of Total Effect towards DER

According to the hypothesis states there is a simultaneous significant influence on working capital turnover, current ratio, cash ratio, firm size and return on assets in the Tourism Industry Sector in Indonesia. The coefficient of determination (Adjusted R Square) has a value of 0.332180. Simultaneously, it means all the independent variables influence 33.2% toward the dependent variable, while the remaining 66.7% is explained by other factors which are excluded in this research.

7. The Most Significance Effect Factor towards DER

In order to define the most significant influence until the least significant of independent variables, it can be seen through the results of t-statistics. The higher of t-statistic values is, the most significant to the dependent variable. Additionally, the significance influence level can be ordered the probability value of t-statistics, means the closer probability value to 0, it has the higher significance influence toward the dependent variable. Based on the results in table 4.6, the most significant variable influences debt to equity ratio in tourism industry sector in Indonesia is working capital turnover. The probability value is the closest to 0 compared to others with value by 0.0130. Therefore, it concludes that the shorter the period means the faster the turnover or the higher the turnover rate. The length of the working capital turnover period depends on how long the rotation period of each component of the working capital.

Conclusions

Working capital turnover has a significant influence on debt to equity ratio in the tourism industry sector. If this ratio is high then it is due to the increase in sales obtained by a company, whereas if the low ratio is due to a decrease in sales. An increase in sales means that there is a decrease in working capital, and also a decrease in sales means that there is an increase in working capital of a company. Current ratio has a significant influence on debt to equity ratio in the tourism industry sector. The high current ratio can indicate the existence of excess cash which can mean two things, namely the amount of profits that have been obtained or the effect of not using the company's finances effectively to invest. Cash ratio has a no significant influence on debt to equity ratio in the tourism industry sector. Firm size has a significant influence on debt to equity ratio in the tourism industry sector. The high of firm size, the higher of the company's wealth that can be used to support its operational activities. If the company's operational activities run better, there will be more products produced so as to produce higher sales and higher profitability. Return on assets has a significant influence on debt to equity ratio in the tourism industry sector. The greater return on assets shows the company's performance is getting better because the rate of return is greater. Working capital turnover, current ratio, cash ratio, firm size and return on assets in Indonesia’s tourism sector industry, were found to be significant simultaneously. Most important variable that influences the debt to equity ratio of the tourism industry sector is the working capital turnover. Therefore, it concludes that this financial relationship may show to create sales to ability of a company to use working capital. This ratio is for how much working capital will rotate during a year.

REFERENCES

Agiomirgianakis, G. M. (2013). Determinants of Profitability in the Greek Tourism Sector Revisited: The Impact of the Economic Crisis. Journal of Tourism and Hospitality Management 013, Vol. 1 No. 1.

Angela, N. K. (2018). The Analysis of Stock Price in Tourism Industry Listed in Indonesia Stock Exchange 2012-2016. JAAF (Journal of Applied Accounting and Finance), Volume 2, Number 2, 153-162.

Chen, M. H. (2010). The Economy, Tourism Growth and Corporate Performance in The Taiwanese Hotel Industry. Tourism Management, 665 - 675.

Durrah, O. A. (2016). Exploring the Relationship between Liquidity Ratios and Indicators of Financial Performance: An Analytical Study on Food Industrial Companies Listed in Amman Bursa. International Journal of Economics and Financial Issues, Vol 6, Issue 2.

Gai, L. F. (2017). Overcoming Borders: a Financial Analysis of Tourism Sector in Italy. Journal of Economics and Development Studies, Vol. 5, No. 4, pp. 17-30.

Gambacorta, M. B. (2014). The Leverage Ratio Over the Cycle. BIS Working Papers No 471.

Gujarati, D. N. (2012). Basic Econometrics. Noida: Tata McGraw-Hill Education.

Hikmah, J. (2017). Analisis Regresi Data Panel. Jurnal Statistik, Vol. 14 No. 1.

Hsiao, C. M. (2017). Enterprise Risk Management With Foreign Exchange Exposures : Evidence From Taiwan Tourism Industry. Asian Economic and Financial Review, Vol 8, No 9, 882 - 906.

Johan, S. S. (2012). Foreign Ownership and Financial Firms Performance: Empirical Evidence Indonesia Financial Services Industry. Indonesian Journal of the Science of Management, Vol. 11 No. 3.

Kizito, D. L. (2018). Working Capital Management, Service Quality and Financial Performance of Hotels in Kampala. Research Gate.

Liem, M. C. (2013). Innovative Entrepreneural Education for International Hospitaly and Tourism Business (IHTB). GSTF Journal on Business Review, Vol 2 No 3.

Ludijanto, S. E. (2014). Pengaruh Analisis Leverage Terhadap Kinerja Keuangan Perusahaan (Studi pada Perusahaan Property dan Real Estate yang Listing di BEI Tahun 2010 - 2012). Jurnal Administrasi Bisnis (JAB), Vol. 8 No. 1.

Nguyen, V. K. (2018). Determinant of Innovation in Tourism : Evidence from Australia. Tourism Management.

Putri, P. A. (2013). The Influence of Financial Ratio on Profit Growth in Manufacturing Companies Listed on IDX for Period 2008 to 2012. Journal of International Accounting Andalas University.

Rechman, K. a. (2015). Investigating Liquidity-Profitability Relationship: Evidence from Companies Listed in Saudi Stock Exchange (Tadawul). Journal of Applied Finance & Banking, vol. 5, no. 3, 2015, 159-173, Vol. 5, No. 3.

Santoso. (2014). Statistik Multivariat Edisi Revisi. Jakarta: PT Elex Media Komputindo.

Sondakh, T. a. (2015). Current Ratio, Debt to Equity Ratio, Return on Asset, Return on Equity Effect on Stock Prices on LQ 45 Index in BEI Period 2010-2014. Journal EMBA, Vol. 3 No. 2, 749 - 756.

Wibowo, S. S. (2018). The Effect of Working Capital Turnover and Profitability of Inventory Turnover Manufacturing Companies LIsted in Indonesia Stock Exchange. Journal of Applied Accounting and Taxation, Vol. 3, No. 1, 95-98.

Widiyanti. (2014). The Effect of Working Capital Turnover, Cash Turnover, Inventory Turnover and Current Ratio on Profitability Return on Assets of Property and Real Estate Companies Listed on The Indonesia Stock Exchange. Journal of Management Brawijaya University, Vol 12, No 2.

Zygmunt, J. (2013). Does Liquidity Impact on Profitability? a Case of Polish Listed IT Companies. Conference of Informatics and Management Sciences, 25 - 29.