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## Analysis Connection between Liquidity and Activities to Profitability at PT. FKS Multi Agro Tbk

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### **Abstract**

*Study This analyze connection between liquidity and activity to profitability at PT FKS Multi Agro Tbk during 2019–2023 period . The data used is secondary data in the form of report finance quarterly earnings from the Indonesia Stock Exchange . Variables liquidity measured through the current ratio, quick ratio, and cash ratio, while activity measured use ratio rotation assets , inventory , receivables , and assets fixed . Profitability analyzed through ROA, ROE, and NPM ratios . The approach used is analysis ratio financial analysis and Partial Least Square (PLS) test. Research results show that Good liquidity and activity own influence positive significant to profitability . In 2022, it was recorded as period with efficiency assets and profitability highest , while in 2023 it will occur decline in some indicator , shows the need optimization management assets and cash. Findings This give implications important for management company agribusiness For guard balance between liquidity and efficiency operations to improve performance finance in a way sustainable .*

**Keywords :** *Liquidity , Activity , Profitability , Agribusiness , Ratio Finance*

### **1. Background**

In the era of globalization and liberalization economy moment this , the business world face increasing challenges complex and dynamic . Companies are required For capable manage source its power in a way efficient and responsive to change environment external . One of the key success company in face challenge the is ability manage finance with good , especially in guard liquidity , managing activity operational , and improve profitability (Fahmi, 2020).

Liquidity become aspect important to show ability company in fulfil obligation term in short . Good level of liquidity reflect health finance company and provide guarantee to continuity operational (Brigham & Houston, 2018). On the other hand , low liquidity can cause risk fail pay , which impacts reputation and sustainability companies in the future .

Liquidity ratio like *current ratio* , *quick ratio* , and *cash ratio* often used For evaluate ability company in fulfil obligation term short . This ratio become attention main for party management , investors, and creditors in evaluate stability finance company (Kasmir, 2019).

Besides liquidity , the ratio activities also hold role important in measure efficiency operational company . This ratio show how optimal the company is utilise assets owned For produce income . Ratios such as rotation assets , turnover inventory and turnover receivables is indicator key in evaluate effectiveness management in managing working capital (Fahmi, 2019).

Profitability is objective end from all over activity company . High profitability show effectiveness management in manage source power and provide profit maximum for holder stock (Setiawati & Lim, 2015). Indicators commonly used For measure profitability including *Return on Assets* (ROA), *Return on Equity* (ROE), and *Net Profit Margin* (NPM).

A number of study previously show significant relationship between ratio liquidity and activity to profitability . Sujarweni (2019) found that liquidity and activity own influence positive to profitability in the company

manufacturing . However , the results different found by Widyaningrum (2021), where only influential activities significant to profitability .

In context industry agribusiness in Indonesia, efficiency management finance become the more important remember volatility price commodity , dependency to weather , and challenge complex logistics . Agribusiness companies sued For capable guard stability operational and permanent competitive in face market dynamics .

PT FKS Multi Agro Tbk is one of the company agribusiness national movement in sector distribution material food and feed livestock . This company listed on the Indonesia Stock Exchange and has role strategic in guard resilience food national . Therefore that , analysis performance finance company This become important For give description about health and prospects his business .

During period 2019–2023, PT FKS Multi Agro Tbk face various internal and external dynamics , including impact COVID-19 pandemic , fluctuations price material global standards , as well as change policy trade . This is give challenge alone in manage liquidity and activity to remain can produce optimal profitability .

Report data finance show that company experience fluctuations in indicators liquidity , activity , and profitability during period said . The year 2022 will be peak performance finance company with efficiency assets and levels profitability highest , while in 2023 it will occur decline in some indicators , which indicate the need management strategy evaluation finance .

Phenomenon the show importance do comprehensive study to connection between liquidity and activity to profitability , especially in companies operating in the sector agribusiness national research This expected can give understanding deep about factors that influence profitability company .

Study this is also important For give contribution theoretical in development literature finance corporations , especially in context company agribusiness that has characteristics different businesses with sector manufacturing or services . With understand connection between variables finance this company can formulate a more strategic strategy appropriate in managing working capital and structure his finances .

In a way practical , results study This can used by the management of PT FKS Multi Agro Tbk in increase efficiency operational and cash management , as well as help taking decision data-driven finance . Investors and market analysts can also utilise information This in evaluate performance finance and prospects investment company .

From the side academic , research This can become reference for students , lecturers , and researchers other in study influence ratio finance to profitability , especially in the sector Indonesian agribusiness which is still relatively seldom investigated in a way deep . This is expected capable enrich treasury study finance at the level national .

With Thus , research This aim For analyze connection between liquidity and activity to profitability at PT FKS Multi Agro Tbk 2019–2023 period . Focus main study is evaluate how much big influence ratios the to performance profitability company .

Methods used is approach quantitative with analysis ratio financial and Partial Least Square (PLS) test for test connection between variables . The data used originate from report finance published quarterly in a way officially listed by the company on the Indonesia Stock Exchange.

Result of study This expected can give meaningful contribution for development management finance in the company agribusiness , as well as become reference in formulation of sustainable financial strategies that are oriented towards efficiency and profitability .

## **2. Research methods**

Study This use approach quantitative with design study descriptive correlational approach quantitative chosen Because allows researchers For measure connection between variables in a way numerical and objective through analysis statistics . Correlational design used For know how far the relationship between variables free , namely liquidity and activity , against variables bound , namely profitability . Research This No intended For test cause and effect in a way directly , but rather For see strength and direction connection between variables observed finances .

Study This conducted at PT FKS Multi Agro Tbk , a company agribusiness national listed on the Indonesia Stock Exchange (BEI). The selection company This based on his significant contribution in sector distribution food and feed livestock in Indonesia, as well as availability of complete and published financial data in a way regular .

PT FKS Multi Agro Tbk is relevant objects For study connection between efficiency management finance and performance profitability in context industry agribusiness .

Execution time study starting in May to July 2025. During period this , researcher do secondary data collection , numerical data processing , and analysis required statistics For answer formulation problem . The entire analysis process done in a way independently by researchers use device soft statistics and applications financial data processor .

Population in study This is all over report PT FKS Multi Agro finance Tbk which has published on the Indonesia Stock Exchange since company record its shares in a way public . However , for needs efficiency and currency of data, research This only take report finance quarterly for five years lastly , namely from 2019 to 2023. Report finance the covering balance sheet , report profit loss , and notes on report finance other .

Taking technique samples used is *purposive sampling* , namely technique election sample based on criteria certain criteria determined by the researcher . Sample criteria in study This includes : reports finance has audited , available in form publication officially on the IDX, as well as covers sufficient information For count ratio liquidity , activity , and profitability . Based on criteria of these , 20 samples were obtained observation from report finance quarterly during 2019–2023 period .

Data used in study This is secondary data obtained from the official website of the Indonesia Stock Exchange ( [www.idx.co.id](http://www.idx.co.id) ) and reports annual company . This data nature quantitative , namely in the form of numbers in report next finances used For count ratio finance . Because the data has been available in form Ready use , then the data collection process is carried out through technique documentation and studies library .

Data analysis techniques in study This shared into two stages . Stage First is analysis ratio finance , which is used For count values from ratio liquidity (current ratio, quick ratio, cash ratio), activity ( turnover) assets , inventory , receivables , assets fixed ), and profitability (ROA, ROE, NPM). Calculation ratio This aim For describe condition finance company during the period studied .

Stage second is analysis statistics use Partial Least Square Structural Equation Modeling (PLS-SEM) method . PLS is used Because capable handle connection complex between variables with amount relative sample small , and allows structural model testing and measurement in a way simultaneous . Testing done with help device soft SmartPLS version latest .

In PLS-SEM model testing , carried out several statistical tests like *path coefficient* , *outer loading* , *construct reliability and validity* , *R square* , as well *fit model* . *Path coefficient* test used For know significance influence liquidity and activity to profitability . *R square value* show how much big variables free can explain variables tied , while *fit model* used For evaluate model suitability overall .

Through method systematic research this , it is hoped results analysis capable give a comprehensive and valid picture of connection between liquidity , activity , and profitability at PT FKS Multi Agro Tbk . Research this is also expected give contribution practical for management company as well as contribution theoretical for development knowledge management finance .

### 3. Results and Discussion

Study This aim For analyze connection between liquidity and activity to profitability at PT FKS Multi Agro Tbk during 2019–2023 period . The data used is report finance quarterly that has been audited and published on the Indonesia Stock Exchange . Because the research This based on secondary data , then No there is analysis characteristics respondents in form demographics , but rather characteristics of financial data that become object main study .

Characteristics of the data analyzed includes 20 observations from report finance quarterly for five years . The financial ratios used includes the current ratio, quick ratio, and cash ratio as indicator liquidity ; and ratio rotation assets , inventory , receivables , and assets still as indicator activity . Profitability measured using ROA (Return on Assets), ROE (Return on Equity), and NPM (Net Profit Margin).

Calculation results show that the company's current ratio stable been above 100 % for five years consecutively , indicating condition healthy liquidity . Highest current ratio achieved in 2022 at 148.72% , while lowest occurred in 2019 , namely 116.02%. This shows ability company in fulfil obligation term short still awake with Good .

**Table 1.** Average Ratio Data Liquidity During 2019–2023 period

Year	Current Ratio (%)	Quick Ratio (%)	Cash Ratio (%)
2019	116.02	57.92	17.26
2020	120.03	61.21	22.18
2021	132.78	66.93	21.38
2022	148.72	57.46	21.04
2023	138.06	71.38	23.27

On the side activities, results analysis show that ratio rotation assets and turnover receivables own sufficient performance strong in produce efficiency operational. The year 2022 recorded rotation asset highest namely 3.35 times, and the turnover receivables the highest in 2021 at 21.03 times.

**Table 2.** Ratio Data Summary Activity

Year	Turnover (x)	Turnover (x)	Turnover (x)
2019	2.59	6.60	15.11
2020	2.39	6.15	12.66
2021	2.56	6.25	21.03
2022	3.35	7.12	22.09
2023	2.79	7.65	18.57

Ratio results profitability also shows interesting trend. ROA and ROE are experiencing significant increase in 2022, which reflects optimal synergy between efficiency stable activity and liquidity. However, 2023 shows a little decline, indicating existence pressure operational or changes in managerial strategy.

**Table 3.** Profitability Ratio Data

Year	ROA (%)	ROE (%)	NPM (%)
2019	3.75	9.19	0.94
2020	6.70	17.12	2.14
2021	7.47	19.51	2.26
2022	10.13	19.88	2.33
2023	6.97	14.14	1.94

Testing statistics using Partial Least Square (PLS-SEM) shows that liquidity own influence significant to profitability, with the path coefficient value is 0.679. This value show connection strong positive, where increases ratio liquidity impact on increasing profitability company.

In addition, the ratio activity also shows influence significant to profitability. Path coefficient for variables activity is 0.591, which indicates that the more efficient company in manage activity its operation, then the more the resulting profitability is also high.

R-Square (R<sup>2</sup>) value for this model is 0.772, which means that 77.2% of the variability profitability can explained by variables liquidity and activity. This shows that the model has Power strong and relevant predictions in explain connection between variables in context company agribusiness.

The F-Square ( $f^2$ ) test shows that liquidity own effect big to profitability with the  $f^2$  value is 0.38, while activity own effect currently with The  $f^2$  value is 0.18. This indicates that liquidity is more factors dominant in influence profitability of PT FKS Multi Agro Tbk compared to activity .

In the outer loading test, all indicator own values above 0.7 indicate that all valid indicators in form each construct . The Composite Reliability and Cronbach's Alpha values also exceeded 0.8, indicating reliability excellent construction .

In a way general , results analysis prove that hypothesis first (H1) which states liquidity influence profitability can accepted . Similarly , the hypothesis second (H2) about influence activity to profitability is also accepted based on significant statistical test results .

Findings This consistent with trade-off theory which states that company must guard balance between liquidity and profitability For avoid idle cash that is not productive However still guard security liquidity (Zaini, 2016). On the other hand , the theory efficiency is also strengthened through findings that efficient activities impact directly on the increase profitability (Gill et al., 2014).

Peak performance finance company occurred in 2022 , marked by with level rotation asset highest and ratio profitability maximum . This shows effective synergy between management liquidity and efficiency operational company .

However , the decline performance in 2023 indicates the need evaluation more carry on to cash management and utilization strategies asset company . Although Still classified as healthy , a decrease in ROA and ROE is necessary become attention so as not to continue on the trend negative in the future .

Implications from study This is that management company need notice balance between optimal liquidity and efficiency activity in operational business . Excessive cash accumulation big without investment productive can reduce potential profitability .

In a way strategic , company recommended For Keep going increase efficiency in rotation assets , inventory , and receivables while still guard reserves liquidity at a reasonable level. This combination proven be an effective formula in increase profitability term long .

Research result This give contribution important for development theory management finance in the sector agribusiness , as well as can become reference practical for manager finance and investors in take decision strategic based on ratio finance .

#### 4. Conclusion

Study This aim For analyze influence liquidity and activity to profitability at PT FKS Multi Agro Tbk during period 2019 to 2023. Based on results analysis ratio finance and testing statistics with Partial Least Square (PLS-SEM) approach , found that Good liquidity and activity own connection positive and significant to profitability company . Findings study show that management Good liquidity such as the current ratio , quick ratio, and cash ratio contributes to improvement performance finance company . This is reflect ability company in fulfil obligation term short without sacrifice potential profit . Meanwhile that , efficiency activity operational measured through ratio rotation assets , inventory , receivables , and assets remains also proven play a role in increase profitability. With Thus , the hypothesis first (H1) which states that liquidity influential to profitability , and hypothesis second (H2) which states that activity influential to profitability , both **accepted** . This result in line with theory efficiency and trade-offs that explain importance balance between cash management and effectiveness use asset in support performance profit company . Study This give implications significant managerial , especially in management strategy finance in the company agribusiness . Management recommended For Keep going guard stability liquidity without hoard asset fluent in a way excessive , and increase efficiency operational in utilization asset company For reach profitability maximum. However , research This own limitations Because only using secondary data from One company and in period five years . In addition , the approach quantitative No explore aspect possible qualitative influence connection between variables , such as factor managerial , conditions industry , or change regulation . For study furthermore , it is recommended that the coverage expanded to more Lots company in sector agribusiness or industry others so that the results more generalizable. In addition , the addition of variables control such as leverage, size company , and conditions macroeconomics can give a clearer picture comprehensive about determinant profitability . With Thus , the results study This expected can become references academic and practical in formulate policy finance a company that is oriented towards efficiency , optimal liquidity , and improvement mark company .

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