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The Influence of Financial Ratio on the Ratings of the Bonds of Financing Companies Listed on the IDX for the 2015-2019 Period

Flotina Suryani Engkos[1)],Eni Lisetyati*[1)],
[1]*Accounting Department Faculty of Economics and Business University of Merdeka Malang*

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ABSTRACT: Bond rating is one of the things that must be considered by investors before investing in bonds because bond ratings are the most important part because bond ratings are obtained from the company's performance results. The company's performance is then assessed based on financial ratio analysis and other statistical calculations. Research on the independent variables which are financial ratios consisting of liquidity ratios (Current Ratio), leverage ratios (Debt to Equity Ratio), and profitability ratios (Return On Equity Rtaio) are very important for the development of bond ratings (dependent variable) companies financing sector that has been listed on the Indonesia Stock Exchange during the 2015-2019 period. In this study, the sampling method of finance companies used the purposive sampling method, namely the sampling method using certain criteria. Nine (9) companies were taken for research. The data for these nine companies will later be examined using financial ratio analysis, descriptive statistical analysis, classical assumption test, multiple regression analysis, coefficient of determination, and using hypothesis testing. The results of this study ondicate that: (1) The liquidity ratio on the Current Ratio has a negative effect on bond ratings, (2) The leverage ratio on the Debt to Equity Ratio has a negative effect on bond ratings, and (3) The profitability ratio on the Return On Equity Ratio has a positive effect to the bond rating..

KEYWORDS: Bond Rating, Financial Ratios, Purposive Sampling, Temporary Hypothesis.

I. INTRODUCTION

Investors are often confused by the number of investment options available to them. Investment is a commitment to a number of funds or other resources made at this time, with the aim of obtaining profits in the future. For this reason, investors who want to invest their funds with the aim of obtaining a number of benefits in the future, and also with the hope of being able to live properly in the future and can reduce inflationary pressures.

There are several instruments traded in the capital market, one of which is a bond. Bonds are transferable medium-long term debt securities containing promises from the issuing parties to pay interest in the form of interest in a certain period and repay the principal at a specified time to the buyer of the bonds.

However , bonds are not without risk, because the bonds may not be repaid due to the issuer's failure to fulfill its obligations. Therefore, in choosing the bonds to be purchased, investors need to pay attention to the bond ratings which indicate the level of risk and quality of the bonds seen from the performance of the company that issued them.

For an investor who wants to invest his funds in the capital market (bonds) it is very important for him to know about the bond rating of the company in question. With a bond rating, investors can find out how the company's management works, and most importantly before investing in bonds, investors must know the issuer and the ins and outs of the bond being issued, so that unexpected things do not happen to investors such as default in future payments. future.

There are two bond rating agencies registered by Bapepam such as PT PEFINDO or PT Kasnic Credit Rating Indonesia. In addition to the two previously mentioned bond rating agencies in Indonesia, there are Fitch Indonesia, ICRA Indonesia and Pefindo (Domestic Rating Agency). The International Rating Agency itself consists of

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Standard and Poor's, Moody's Investor Service, and Fitch Ratings.

The reason researchers use finance companies (as research objects) listed on the Indonesia Stock Exchange as research objects is because finance companies are companies that have an important role in the Indonesian economy and become a source of financing for the community in meeting capital needs. From what has been described previously, researchers are interested in re-examining this problem with the research title "Influence Of Financial Ratio On The Ratings Of Bond Financing Companies Listed on The Indonesia Stock Exchange (IDX) 2015-2019"..

[1].Camless actuation offers programmable flexibility in controlling engine valve events. However, a full range of engine benefits will only be available, if the actuation system can control lift profile characteristics within a particular lift event. Control of the peak value of valve lift is a first step in controlling the profile. The paper presents an adaptive feedback control of valve lift for a springless electrohydraulic valvetrain. The adaptive control maintains peak value of lift in presence of variations in engine speed, hydraulic fluid temperature and manufacturing variability of valve assemblies. The control design includes a reduced-order model of the system dynamics. Experimental results show dynamic behavior under various operating and environmental conditions and demonstrate advantages of adaptive control over the non-adaptive type.

[2].The internal combustion engine is a device which basically converts the heat energy into mechanical energy. The cam has been an integral part of the IC engine from its invention. As with the demands for better fuel economy, more power, and less pollution, motor engineers around the world are pursuing a radical “camless” design that promises to deliver the internal combustion engine’s biggest efficiency improvement in years. The article looks at the working of the electrohydraulic camless engine, its general features and benefits over conventional engines. In this article we focused on a basic overview of camless engine along with its design principle, components and its merits over other conventional engines.

[3].Acamless engine proof-of-concept prototype was completed on the basis of the use of piezoelectric control of a hydraulic actuator. This novel approach was taken in an attempt to enhance earlier solenoid-based camless engine prototypes, several of which are reviewed as an introduction to camless engine technology. Following a historical review, an overview of the piezoelectrically-controlled camless engine actuator is discussed. The prototype system is capable of displacing an engine valve up to 12.4 mm, and valve actuation frequencies of up to 500 Hz have been obtained. The proof of concept can be considered successful, as it demonstrates the potential of piezoelectric control of hydraulics for use as an internal combustion engine valve actuator. Furthermore, in conjunction with variable timing, the piezoelectric control based pilot allows for direct regulation of other engine valve parameters including variable lift and seating velocity.

[4].This paper presents the design of Camless Internal Combustion (IC) Engine using the Magnetic platter Disk Sensor instead of conventional mechanism for operating valves. In this work an attempt has been made to integrate the concepts of mechanical and electronics for designing economical, low emission, high performance Camless engine. Objective of this work is to make use of Disk Sensor for developing Camless IC Engine.

[5].The idle speed control problem of a spark-ignited engine equipped with a camlessvalvetrain is considered.

The camlessvalvetrain allows control of the individual intake and exhaust valves of each cylinder and can beused to achieve unthrottled operation, and consequently, optimize the engine performance. We formulatethe speed control problem for this engine and show that it exhibits unstable open-loop behaviour withasigni"cant delay in the feedback loop. The instability is intrinsic to the unthrottled operation and speci"cto the camless actuation used to achieve the unthrottled operation. The delay is caused by the discretecombustion process and the sensor/computer/actuator interface. We demonstrate the inherent systemlimitations associated with the unstable dynamics and the delay and provide insight on the structural (plant)design that can alleviate these limitations. Finally, stabilizing controllers using classical and modern robustdesign techniques are presented and tested on a nonlinear simulation model. Copyright_2001 John Wiley& Sons, Ltd.

II. LITERATUR REVIEW

1. Definition of Bonds

Bonds are letters of indebtedness to creditors in the form of individuals or institutions as stated in the bonds in which interest must be paid, including the terms of principal repayment and loan installments at maturity. Bonds are also a fixed income instrument (fixed income securities) issued by the issuer by promising a rate of return to bondholders (bondholders) on the funds invested by investors in the form of coupons that are paid

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regularly and the principal value (principal) when the bonds are issued. maturity (Manurung et al, 2008:2).

By investing in bonds there are several advantages, namely 1) obtaining interest or what is known as a coupon in bonds. The interest profit earned is periodic, it can be every month, every three or six months. The interest rate is above Bank Indonesia interest, 2) Capital gains or profits obtained from the difference in the selling price after deducting the purchase price, 3) Lower risk than other investments such as stocks whose movements are very volatile, and 4) Suitable for use long term savings.

Investing in government bonds is considered safer because the government has the authority to charge taxes and print money. However, when investors want to choose corporate bonds, choose bonds that have the highest rating first. This rating reflects the risk of failure to pay interest or principal. The AAA rating has the lowest risk, followed by AA, A, BBB, BB, B, CCC, SD, to D which indicates that the bonds are in default.

2. Bond Rating

A bond rating is a statement about the state of the issuer of the bond and what it is likely to do with the bonds held. Rating or rating, is a statement about the condition of the debtor and the possibility of what can and will be done in relation to the debt owned, so it can be said that the rating tries to measure the risk of default , namely the chance that the issuer or borrower will experience a condition of not being able to meet their financial obligations (Foster: 1986).

Corporate bonds issued through public offerings must be rated by rating agencies registered by BAPEPAM (Capital Market Supervisory Agency) such as PT PemeringkatEfekInfonesia (PT PEFINDO) or PT Kasnic Credit Rating Indonesia. According to the rating agency , a bond often has an impact on the amount of loan interest that must be paid by the bond issuer (company or government) so that the bond is in demand by the buyer.

Bond ratings vary from institution to institution. The bond rating issued by PT PEFINDO uses the prefix "id" which indicates that the bond rating is adjusted to Indonesian conditions. PEFINDO's task is to provide an objective, independent, and accountable credit risk rating for the issuance of traded debt securities to the general public. In addition, PEFINDO publishes and publishes credit information related to securities trading. The table 1 below shows the rating table for the bonds issued by PT PEFINDO.Bond ratings affect the return on investment that investors expect. The lower the rating of a bond, the higher the return expected by investors because bond ratings greatly affect interest rates, investment tastes, and bond prices.

Table 1 Table of Bond Ratings issued by PEFINDO

Bond Rating	Ability to meet long-term financial obligations
$_{en}$AAA	Superior, highest rank
$_{en}$AA	Very strong
$_{en}$A	Strong
$_{id}$ BBB	Adequate
$_{id}$ BB	A bit weak
$_{en}$B	Weak
$_{id}$ CCC	Susceptible
SD $_{id}$	Partial Fail
$_{en}$D	Failed to pay
Ratings from $_{id}$ AAA to $_{id}$ B can be modified with the addition of a plus (+) or minus (-) sign to indicate relative strength within the rating category. This is called rating outlook.	
Positive	Rank can be increased
negative	Rank can be lowered
Stable	Ranking may not change
developing	Rank can be increased or decreased

3. Financial Ratio

According to James Carter van Horne, "The financial ratio is an index that connects two accounting numbers and is obtained by dividing one number by another". Financial ratios are used to evaluate the company's financial condition and performance. So, financial ratios are activities to compare the numbers in the financial statements by dividing one number by another. In this study, the financial ratios used include:

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a. Liquidity Ratio

Evans (2000) states that the liquidity ratio explains the company's ability to pay off short-term debt. A high level of liquidity indicates the ability to pay off short-term debt is also getting higher. In the analysis of company liquidity, it can be reviewed through the activity ratios relevant to the framework of the concept of liquidity, namely inventory turnover and receivables turnover to determine the effectiveness of working capital turnover invested in current assets.

b. Leverage Ratio

leverage ratio is a measure of how much the company is financed with debt. The use of debt that is too high will endanger the company because the company will fall into the category of extreme leverage , namely the company is trapped in high debt levels and it is difficult to release the debt burden.

c. Profitability Ratio

Profitability analysis describes the company's fundamental performance in terms of the level of efficiency and effectiveness of the company's operations in obtaining profits for a certain period. The better the profitability ratio, the better the ability to describe the company's high profitability.

4. Relationship between Liquidity Ratio and Bond Rating

In the research conducted by Amalian and Devi, and Sari (2007), they stated that the results of their research were in accordance with the research conducted by Burton et al. (2000) which shows that the liquidity variable as measured by the current ratio has an influence on the prediction of bond ratings, because a high level of liquidity will indicate the strength of the company's financial condition so that financially it will affect the prediction of bond ratings.

H_1 : Effect of liquidity ratio on bond rating prediction

5. Leverage Ratio Relationship with Bond Rating

Research according to Burton et al. 1998 in Herwidi 2005:28, the greater the company's leverage ratio , the greater the risk of company failure. The lower the company's leverage , the better the rating given to the company.

H_2 : Effect of leverage ratio on bond rating prediction

6. Relationship between Profitability Ratios and Bond Rating

The researcher predicts that if the company's profit is high, it will also give an increased rating so that the profitability variable is said to be able to influence the prediction of bond ratings. The higher the level of profitability, the lower the risk of inability to pay and the better the rating given to the company.

H_3 : The effect of profitability ratios on bond rating predictions

7. Previous Research Results

According to Riswandi (2018), he concludes that the financial leverage ratio (using the Debt to Equity Ratio measuring instrument) is positive, while profitability (calculated by the Return on Equity Ratio formula) and liquidity (measured by the Current Ratio) has a positive impact on bond ratings.

According to Barkah Rian Satriadi (2015) concluded from the study that Leverage (measured by Debt to Asset Ratio), profitability (measured by Return on Assets) and liquidity (measured by Quick Ratio) showed results (0.001, 0.008, 0.083) with a comparison 0.025 which the result is that leverage and profitability affect bond ratings while liquidity does not because the measurement results show greater than 0.025 (from a significant level of 5% divided by two). Meanwhile, collateral (with a dummy measuring instrument) has a significant effect on bond ratings with a yield of 0.004 <0.025 (smaller than the significant level of 5% divided by 2).

Novi Herlina Sari (2020) concludes that the activity ratio and profitability have a positive effect on bond ratings, while liquidity and solvency ratios have no effect on bond ratings.

ElikaTanzil (2014) concludes that profitability ratios have a positive effect on bond ratings, while liquidity, solvency, activity, and firm size ratios have no effect on bond ratings of non-financial companies.

Meta Puspitasari (2021) concludes that the ratio of profitability and productivity, as well as company growth (no effect on bond ratings), liquidity and leverage ratios (negative influence on bond ratings), company size does not moderate the effect between variables (profitability, productivity, and company growth).) on bond ratings, while firm size strengthens the influence between variables (liquidity and leverage).

III. METHOD

1. Dependent Variable (Y)

According to Widiyanto (2013), "The dependent variable is a variable whose existence is influenced by other variables". In this study the dependent variable is the bond rating. Bond ratings

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issued by PEFINDO consist of two categories, namely Investment Grade and Non-Investment Grade . Investment Grade is a category of bonds that are eligible to be traded due to the relatively small risk of default, while Non-Investment Grade is a category that has a fairly large risk of default and is avoided by investors.

Table 2 Table of Bond Rating Conversion Value

Rating Rating	Rating	Category
8	AAA	Investment Grade
7	A A	Investment Grade
6	A	Investment Grade
5	BBB	Investment Grade
4	BB	Non-Investment Grade
3	B	Non-Investment Grade
2	CCC	Non-Investment Grade
1	SD	Non-Investment Grade
0	D	Non-Investment Grade

2. Independent Variable

According to Sugiono (2015: 96), "independent variables are variables that affect or are the cause of changes or the emergence of the dependent variable". There are three kinds of financial ratios used by researchers in this study which are presented in independent variables, including:

1. Liquidity Ratio (X 1)

The liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner. The ratio used to calculate this ratio is by using the Current Ratio formula.

2. Leverage Ratio (X 2)

Leverage ratio is a ratio to measure how much the company is financed with debt. The measuring instrument used to calculate this leverage ratio is by using Debt to Equity.

3. Profitability Ratio (X 3)

Profitability ratio is a ratio that measures the effectiveness of management as a whole which is indicated by the size of the level of profit obtained in relation to sales and investment. The measuring instrument used to calculate this ratio is by using Return On Equity (ROE).

B. Research sites

There are nine (9) companies that will be used as research material by researchers where the companies are listed on the Indonesia Stock Exchange and have been rated by the Indonesian Securities Rating Agency (PEFINDO) during the period of the year to be studied, namely 2015-2019.

C. Population and Sampling Techniques

According to Sudjana (2010:6), "Population is the totality of all possible values, the results of which calculate quantitative and qualitative measurements of certain characteristics of all members of a complete and clear group who want to study their characteristics. There are 28 financial companies in the financing sector that have been registered during the 2015-2019 period, during the research year.

According to Arikunto (2006: 131), "The sample is part or representative of the population to be studied. If the research is done in part, it can be said that the research is a sample study. The sampling method in this research is purposive sampling technique, namely the technique of determining the research sample with a careful consideration process. (Sugiyono) There are several criteria used by researchers in collecting samples that will later be used as research material:

1. Finance sector companies that have been listed on the Indonesia Stock Exchange during 2015-2019
2. Finance sector company that has listed its bonds on the Indonesia Stock Exchange and has been rated by PEFINDO
3. Finance sector companies whose bonds are not listed on the Indonesia Stock Exchange continuously in 2015-2019.
4. Finance sector companies listed on the Indonesia Stock Exchange already have the required recorded financial statement data during the research process for the 2015-2019 period.

The sample used by the researcher in conducting the research is by taking a sample of nine (9) companies in the financing sector that have been listed on the IDX. The sample has complete company financial data with bond ratings. The following are five companies that are used by researchers to be analyzed:

5. Data Types and Sources

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This study uses quantitative data types. In this study, the bond rating used is the bond rating of PT PEFINDO, namely www.pefindo.com . Meanwhile, the data source used to calculate the number of financial ratios in finance companies in the 2015-2019 period was taken from the Indonesia Stock Exchange (IDX) data , namely www.idx.co.id.

6. Data collection technique

The technique of collecting data is by using the documentation method. The data collection technique used is data accessed by researchers through the IDX official website for 2015-2019, official data at PT. PEFINDO, and from the data of PT. KSEI.

Table 3 Company Sample Data

No.	Company name	Code	IPO	Year
1.	AdiraDinamika Multi Finance Tbk	ADMF	31/03/2004	5
2.	PT Federal International Finance	FIFA	27/04/2011	5
3.	PT Sarana Multigriya Financial Tbk	SMFP	13/07/2009	5
4.	PT Mandala Multi Finance Tbk	MFIN	06/09/2005	5
5.	Mandiri Tunas Finance	TUFI	20/05/2011	5
6.	Surya Artha Nusantara Finance	SANF	26/01/2011	5
7.	IntanBaruprana Finance	IBFN	22/12/2014	5
8.	Indomobil Finance Indonesia	IMFI	14/05/2012	5
9.	PT Astra Sedaya Finance	ASDF	28/02/2011	5

IV. RESULT

A. Financial Ratio Analysis

1. Liquidity Ratio

In this liquidity ratio research, researchers use the Current Ratio formula. From the data from table 4, it is known that the lowest value of the liquidity ratio is in the company IntanBaruprana Finance (IBFN) which is 0.32 in 2019. The highest value of the liquidity ratio is in the Sarana Multigriya Financial (SMFP) company, which is 7.51 in 2017. Companies with high liquidity ratios , is said to have a good ability to pay off his debts. Due to the ratio of assets greater than the value of liabilities

2. Leverage Ratio

Debt to Equity Ratio is the ratio used to measure the value of the leverage ratioFrom the data table 5, the highest value in the leverage ratio (DER) is in the IBFN company, which is 15.5. The lowest value in the MFIN company with a value of 0.66. The higher the leverage value , the higher the risk to the company in settling its debt obligations. leverage ratio as seen from the DER value which has a high value indicates that the company's debt is greater than its capital, so that it has an impact on the company's burden on outside parties (creditors).

3. Profitability Ratio

Return on Equity (ROE) is a measuring tool that is used as a reference in the profitability ratio.From the table 6, the lowest value is found in IBFN companies, namely 0.11 in 2015. As for the highest value in FIFA companies, which is 38.5 in 2018. Companies that have high profitability values can be said that the company is in good condition. A high value symbolizes that the level of profit and efficiency of the company is high because it can be seen from the level of income and cash flow.

However, if a company has a low or negative profitability ratio, it could be because the company is not good at generating income. Due to the increase in ROE is usually accompanied by an increase in the stock price of a company. Even though a company has a high ROA value, it does not

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necessarily have an effect on its ROE value because it is influenced by a decrease in returns on assets.

Table 4 Liquidity Ratio measured by Current Ratio (CR)

No	Code	CR				
		2015	2016	2017	2018	2019
1.	ADMF	1.0	1.2	1.1	1.2	1.2
2.	FIFA	1.18	1.20	1.25	1.38	1.56
3.	SMFP	5.46	3.22	7.51	1.43	1.01
4.	MFIN	2.34	2.46	2.99	2.39	1.73
5.	TUFI	1.04	1.01	0.95	1.01	1.6
6.	SANF	2.27	1.69	1.29	1.43	1.46
7.	IBFN	1.22	0.53	0.52	3.79	0.32
8.	IMFI	0.93	0.97	0.90	0.90	1.03
9.	ASDF	3.03	1.98	2.00	2.36	2.24

Source: Processed data, 2022

Table 5 Leverage Ratio measured by Debt to Equity Ratio

No	Code	DER				
		2015	2016	2017	2018	2019
1.	ADMF	5.4	4.6	4.1	3.5	3.3
2.	FIFA	3.7	4.6	4.4	4.2	3.5
3.	SMFP	1.59	1.63	1.44	1.37	1.84
4.	MFIN	1.88	0.96	0.66	0.76	1.07
5.	TUFI	6.85	6.74	7.34	7.24	6.36
6.	SANF	3.75	3.70	2.92	5.19	3.83
7.	IBFN	2.97	6.17	15.5	3.84	4.43
8.	IMFI	5.6	5.7	6.2	7.5	7.1
9.	ASDF	4.34	4.44	4.15	3.47	3.55

Source: Processed data, 2022

Table 6 Profitability Ratios measured by Return on Equity (ROE)

No	Code	ROE (%)				
		2015	2016	2017	2018	2019
1.	ADMF	15.3	21.6	26.5	29.0	29.2
2.	FIFA	26.3	36.4	37.4	38.5	35.5
3.	SMFP	5.88	5.74	5.78	5.33	5.45
4.	MFIN	14.95	14.08	17.21	16.18	16.55
5.	TUFI	29.77	25.53	22.10	20.73	19.48
6.	SANF	8.00	6.00	3.00	6.00	7.00
7.	IBFN	0.11	7.00	1.69	4.20	4.30
8.	IMFI	6.3	6.7	7.2	7.7	7.8
9.	ASDF	17.02	16.15	16.64	15.99	18.30

Source: Processed data, 2022

B. Descriptive Statistical Analysis.

From the table 7 of descriptive statistics, the CR value is known to have a value between 0.32-7.51 with an average value of 1.7953 and a standard deviation of 1.29049. The value of the DER calculation results has a value of 0.66-15.50 with an average value of 4.2973 and a standard deviation of 2.56878. Meanwhile, the ROE calculation has a value of around 0.11-38.50 where the average value is 15.2569 with a standard deviation value of 10.60918.

Meanwhile, the bond rating has a minimum value of 5 and a maximum of 8 with a mean value of 6.96 with a standard deviation of 1.043 with a total of n = 45

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Table 7 Descriptive Statistical Calculation Results

Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
CR	45	.32	7.51	1.7953	1.29049
DER	45	.66	15.50	4.2973	2.56878
ROE	45	.11	38.50	15.2569	10.60918
Bond Rating	45	5	8	6.96	1.043
Valid N (listwise)	45				

C. Multiple Regression Analysis

The equation value of multiple regression analysis is:

Bond Rating = 6.089 + 0.135 CR + (-0.64 DER) + 0.059 ROE

a. The CR and ROE values are positive, meaning that these two ratios have a good relationship with bond ratings, while a negative DER indicates that the finance company is not in good condition.
b. The constant value is 6.089. The value of this constant is positive, which means that this value shows a unidirectional influence between the dependent variable and the independent variable.
c. The value of CR (X1) has a value of 0.135 which has a positive value between the relationship between the liquidity ratio and the rating of the finance company's bonds. The positive value of the liquidity ratio will increase by 1% and the bond rating will increase by 0.135.
d. The DER value (X2) has a value of -0.064 which has a negative value between the relationship between the leverage ratio and the bond rating. Because it is known that the value of the leverage ratio is negative, it will increase by 1% but the value of the bond rating will decrease by 0.064.
e. The ROE (X3) value has a value of 0.059 which is positive between the relationship between profitability ratios and bond ratings. Because it is positive, it is known that the value of the profitability ratio has increased by 1%, so that later on the bond rating will increase by 0.059.

Table 8 Results of the Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.635 [a]	.403	.360	.835

a. Predictors: (Constant), ROE, DER, CR

D. Coefficient of Determination

From the table 8, it is known that the Adjusted R Square value is 0.360 or 36%. It is explained that the value of 36% contained in the ratio of liquidity, leverage , and profitability can affect the company's bond rating, while the value of 64% is influenced by other variables outside of this study.

Table 9 F Test Results

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19,332	3	6.444	9,245	.000 [a]
	Residual	28,579	41	.697		
	Total	47,911	44			

a. Predictors: (Constant), ROE, DER, CR

b. Dependent Variable: Bond Rating

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E. Hypothesis test

a. F test

The F test produces a value of 9.245 while the F table value is 2.816. So it is concluded that the value of the F test results > F Table, which means this regression model is declared feasible. Meanwhile, the significant value is 0.000 <0.05, which means that the independent variable has a significant effect on the dependent variable.

Table 10. t . Test Results

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.089	.467		13.033	.000
	CR	.135	.112	.167	1.202	.236
	DER	-.064	.056	-157	-1.149	.257
	ROE	.059	.012	.599	4.858	.000

a. Dependent Variable: Bond Rating

b. t test

From this table it is explained that:

1. The value of the liquidity ratio in CR has a t value of 1.202 with a significance value of 0.236. So the result is 0.236 > 0.05, indicating that the liquidity ratio has no effect (negative value) on bond ratings. Therefore, the results of the previous provisional hypothesis on the liquidity to rating ratio are accepted.
2. leverage ratio in DER has a T value of -1.149 while the significance value is 0.275. So the result is 0.275 > 0.05, indicating that the leverage ratio has no effect (negative value) on bond ratings. The provisional results of the previous hypothesis on the ratio of leverage to bond ratings are accepted.
3. Profitability ratio value on ROEhas a T value of 4.858 while the significance value is 0.000. Then it was concluded 0.000 <0.05, indicating that the profitability ratio has an effect (positive value) on bond ratings. The provisional results of the previous hypothesis on the ratio of profitability to bond ratings are accepted.

V. DISCUSSION AND CONCLUSION

A. Discussion of Research Results

1. Liquidity Ratio has a Negative Effect on Bond Rating

The results of the research hypothesis were declared negative where the value of the liquidity ratio at the Current Ratio value had a P-value of 0.236 at the level of significance value, namely 0.05 (0.0236 > 0.05). The liquidity ratio in the current ratio has decreased due to an increase in the value of current debt compared to current assets, due to an increase in bank loans from the previous year. However, if the company's liquidity ratio is high, it can be concluded that the company is able to pay its short-term debt. It is concluded that the lower the liquidity value, the lower the bond rating given, but if the liquidity ratio value is high, the bond rating will be better.

2. Leverage Ratio has a Negative Effect on Bond Rating

The results of the second hypothesis study explain that the leverage ratio value on the negative Debt to Equity Ratio value has a P-value of 0.275 with a significance level of 0.05 (0.275 > 0.05). The value of DER on leverage has increased where the value of debt is greater than the value of its equity, so the higher the debt that must be paid off by the company (the high risk of default by the company on its debt obligations). The high leverage value will affect the value of the company and the rating of the company's bonds.

3. Profitability Ratios Positively Affect Bond Rating

The third hypothesis research on profitability ratios with Return On Equity Ratio is positive with a P-value of 0.000 with a significance level of 0.05 (0.000 <0.05). The high ROE value is caused by the high rate of return on capital resulting in a better position of a company and the higher the ability of its own capital to generate profits or profit and loss for shareholders.

B. Conclusion

Based on the results of research on nine finance sector companies that have been listed on

the Indonesia Stock Exchange and rated by PEFINDO.

The results of the measurement of the Current Ratio to the liquidity ratio have a negative effect on the rating of finance companies' bonds. Based on the research hypothesis while the liquidity ratio on the measurement of the Current Ratio is accepted.

The results of the calculation of the Debt to Equity Ratio against the leverage ratio have a negative effect on bond ratings. Based on the research hypothesis while the leverage ratio on the measurement of the Debt to Equity Ratio is accepted.

From the results of the calculation of the profitability ratio using the Return On Equity measuring instrument, it is stated that the bond rating has a positive effect.

C. Suggestion

Based on the results of this study, there are several suggestions that will be submitted by researchers regarding the development of bond ratings on finance companies on the Indonesia Stock Exchange.

For the Company, it is expected to further develop its performance every year so that the company is able to compete with other companies in gaining the trust of investors to increase the value of the company's capital.

For investors, before investing, it is better to see the development of a company's financial performance per year because this is an important thing for investors before investing so that something bad happens in the future.

For further researchers, future researchers are expected to be able to redevelop the results of this thesis research by adding other variables to be studied, multiplying in terms of sampling data, and making changes in the research year.

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