International Journal of Economics, Management and Social Science

Vol 8 No 3 (2025)
E-ISSN: 2614-3828 | P-ISSN: 2614-3887
Open Access: https://journal.salewangang.net/ijemss/index

THE EFFECT OF QUICK RATIO AND CASH RATIO ON CURRENT RATIO IN RETAIL COMPANIES ON THE INDONESIA STOCK EXCHANGE

Muhammad Dimas Sabilillah[1], Muhammad Ikhsan Al Anshori Hidayat[2]
Azril Mahmud[3], Farrel Muhammad Rizqamr[4]
[1-4] Departemen Akuntansi, Sekolah Vokasi, IPB University
Email: dim.sabilillah@apps.ipb.ac.id

Article Info :
Received:
01/06/2025
Revised:
15/08/2025
Accepted:
24/10/2025

ABSTRACT

This study aims to analyze the effect of Quick Ratio and Cash Ratio on Current Ratio in retail companies listed on the Indonesia Stock Exchange (IDX) during the period 2014–2024. The background of this study is based on the importance of understanding the fundamental factors that influence liquidity in the competitive retail sector. The method used is multiple linear regression analysis based on 33 observations from three companies: PT Ramayana Lestari Sentosa Tbk, PT Matahari Department Store Tbk, and PT Mitra Adiperkasa Tbk. Classical assumption tests were conducted to test the validity of the model, including normality tests (histogram, Normal PP Plot, skewness, kurtosis), multicollinearity (VIF < 10), autocorrelation (Durbin-Watson), and heteroscedasticity (scatterplot and Glejser test). The results show that the regression model is statistically significant with an R Square value of 97.0%, and meets all basic assumptions except the Durbin-Watson test which is inconclusive. Partially, Quick Ratio has a positive and significant effect on Current Ratio, while Cash Ratio has no significant effect. This study concludes that the Quick Ratio is a key indicator in assessing the liquidity of retail companies. Therefore, companies are advised to improve the efficiency of managing receivables and operational cash to maintain sustainable financial health.

Keywords : Liquidity Ratio, Quick Ratio, Cash Ratio, Current Ratio, Multiple Linear Regression, Retail Companies.

INTRODUCTION

Amidst increasingly fierce business competition and rapidly changing market dynamics, a company's liquidity is a crucial aspect in assessing the financial health and stability of a business entity. Good liquidity reflects a company's ability to optimally manage its current assets, thereby meeting short-term obligations in a timely and efficient manner. According to Sa'adah (2020), a high level of liquidity indicates a company's adequate ability to meet its current obligations without experiencing cash flow disruptions, thereby reducing the risk of bankruptcy or default in the short term. Therefore, liquidity is not only an important indicator for internal parties, such as management, but also a primary concern for external parties, such as investors, creditors, and financial analysts (Kasmir, 2017).

To measure and evaluate a company's liquidity, various financial ratio indicators are used. Among the most common and representative are the quick ratio, cash ratio, and current ratio. These three ratios provide a comprehensive overview of a company's ability to cover current liabilities with its current assets, but with different approaches depending on the level of liquidity of those assets. The quick ratio excludes inventory as it is considered less liquid, while the cash ratio only considers cash and cash equivalents that are actually ready for use. According to Mandawati (2023), analyzing these three ratios allows for more accurate decision-making because they show the relationship between current assets and current liabilities from various perspectives, especially without considering inventory

as a primary component. This is also supported by Harahap (2015), who stated that these ratios are crucial in providing a short-term overview of a company's ability to meet its financial obligations.

The retail sector places significant emphasis on efficient and real-time liquidity management, given its operational nature, high volume of daily transactions, and reliance on rapid turnover and cash flow. This high reliance on liquidity makes retail companies highly sensitive to short-term financial fluctuations. Therefore, a more in-depth analysis of the liquidity conditions in this sector is crucial. In this context, companies such as PT Ramayana Lestari Sentosa Tbk, PT Matahari Department Store Tbk, and PT Mitra Adiperkasa Tbk are relevant representatives for analysis due to their large operational scale and sufficient financial data.

The main objective of this study is to examine the influence of the quick ratio and cash ratio on the current ratio, one of the main indicators of a company's liquidity. By exploring the relationship between these three ratios, it is hoped that a deeper understanding of the structure and effectiveness of liquidity management in the retail sector will be gained. This study also aims to fill the gap in the financial management literature regarding the relationship between liquidity ratios and provide a significant practical contribution. The findings of this study are expected to provide useful input for company management in formulating current asset management strategies, as well as for investors and financial analysts in assessing the feasibility of investments and the company's short-term risks. As stated by Brigham and Houston (2019), a deep understanding of liquidity ratios plays a crucial role in strategic financial planning and short-term investment decision-making.

THEORY

Financial Statement Analysis

According to Sari (2022), financial statement analysis is the process of breaking down items in financial statements, such as balance sheets and income statements, to gain a deeper understanding of a company's financial condition, which is crucial for supporting informed decision-making. Furthermore, according to Putra (2021), financial statement analysis is the process of identifying, assessing, and comparing financial statements prepared over several periods.

Financial statement analysis (*financial statement analysis*) is the application of various analytical tools and techniques to general financial reports and other related data, with the aim of producing estimates and conclusions that are useful in the business analysis process (Wild, 2005).

It can be concluded that financial report analysis is an important process in understanding the company's financial condition, both through analyzing report items and by comparing financial data from several periods, which aims to support appropriate decision making.

Financial Ratios

According to Syamsuddin (1997), financial statement analysis is essentially a systematic process undertaken to evaluate the financial condition of a business entity with the aim of understanding its past and present financial performance, as well as estimating its future capabilities. This process involves calculating various financial ratios derived from key financial statements such as the balance sheet, income statement, and cash flow statement. Through these ratios, management can comprehensively assess the company's operational efficiency, capital structure, liquidity, and profitability. Besides being beneficial for internal management, this analysis also provides important information for external parties such as investors, creditors, and market analysts in assessing the risks and potential returns of investments. Thus, financial statement analysis serves not only as an evaluation tool but also

as a basis for financial planning and strategic decision-making that can impact the long-term sustainability of the business.

Liquidity Ratio

Liquidity ratios reflect a company's ability to meet its financial obligations due in the near future, typically within the short term, or a maximum of one year from the balance sheet date (Rahardjo, 2009). This ratio is an important indicator for measuring how quickly a company's current assets, such as cash, receivables, and inventory, can be used to cover current liabilities. Companies with high liquidity ratios are generally considered to be in healthy financial condition because they are able to meet their short-term obligations without needing to sell fixed assets or urgently seek external financing. Conversely, a low ratio can indicate potential liquidity difficulties, which can lead to delayed debt payments and reduced creditor and investor confidence. Therefore, liquidity ratio analysis is important not only for assessing current financial stability but also for anticipating future financial risks.

Current Ratio

*Current ratio*This is one of the most common and frequently used types of liquidity ratios. This ratio serves to assess a company's ability to meet its short-term obligations.(Horne and Wachowizc, 2012).

Current ratio (*current ratio*) is one of the main indicators used to measure the extent to which a company's short-term liabilities can be covered by assets that can be readily converted into cash. This ratio reflects the relationship between cash and other current assets and the company's current liabilities, thus providing an overview of the company's ability to meet its short-term liabilities (Brigham and Houston, 2010).

*Current ratio*is a ratio that compares the amount of current assets to a company's current liabilities. The higher this ratio, the greater the company's ability to pay off its short-term obligations. In other words, the current ratio indicates the extent to which current assets can be used to cover the company's short-term debts (Haraphap, 2017). The current ratio can be calculated using the following formula:

$$Current\ Ratio = \frac{Aset\ Lancar}{Liabilitas\ Jangka\ Pendek}$$

Quick Ratio

According to Riana (2016), the quick ratio reflects a company's ability to use its most readily liquid current assets to pay short-term liabilities, as this ratio compares the amount of current assets, excluding inventory, to total current liabilities. The quick ratio formula is as follows:

$$Quick\ Ratio = \frac{Aset\ Lancar - Persediaan}{Liabilitas\ jangka\ Pendek}$$

Cash ratio

*Cash ratio*is a ratio used to assess the extent to which a company's cash and cash equivalents are able to cover its short-term liabilities. This ratio indicates the company's readiness to pay off current liabilities without having to sell other assets, making it the most prudent or conservative measure of liquidity (Kasmir, 2014). The cash ratio formula can be calculated as follows:

$$Cash\ Ratio = \frac{Kas\ dan\ \ Setara\ Kas}{Liabilitas\ Jangka\ Pendek}$$

RESEARCH METHODS

This study adopted a quantitative approach with a causal associative research design. The quantitative approach was chosen because the data used in this study are in the form of numerical figures and data analysis will use statistical methods to test the hypothesis (Sugiyono, 2019). The causal associative design aims to analyze and explain the causal relationship (influence) between two or more variables, in this case the influence of the independent variables (Quick Ratio and Cash Ratio) on the dependent variable (Current Ratio) (Sekaran & Bougie, 2016). With this design, the study will test the extent and significance of the influence of QR and CSR on variations in CR values in the retail companies that are the objects of the study.

The population in this study includes all companies classified in the retail sector (retail trade) and consistently listed on the Indonesia Stock Exchange (IDX) during the specified observation period, namely from 2014 to 2023. The sampling technique applied is purposive sampling. Purposive sampling, or purposeful sampling, is a sampling determination technique in which researchers select samples based on certain considerations or criteria that are considered most relevant and in accordance with the specific objectives of the study (Sugiyono, 2019).

The data used is secondary data obtained from the official IDX website and the financial reports of each company. Data analysis was performed using multiple linear regression with IBM SPSS Statistics. Classical assumption tests were performed first, including tests for normality, multicollinearity, autocorrelation, and heteroscedasticity, before testing the following regression model:

$$CR = \beta\_0 + \beta\_1\, QR + \beta\_2\, CSR + \epsilon$$

RESULTS AND DISCUSSION

Research Results

Descriptive statistics are used to provide an overview of the characteristics of the variables used in this study, namely the Current Ratio (Y) as the dependent variable, and the Quick Ratio (X1) and Cash Ratio (X2) as independent variables representing core liquidity ratios. The data analyzed includes 33 observations from retail companies.

Descriptive Statistics

	Mean	Std. Deviation	N
CurrentRatio	1,8491	1,10333	33
QuickRatio	1,2530	1,00637	33
CashRatio	,6603	,58111	33

Source: SPSS V.27 Data Processing Results, 2025

The average Current Ratio (1.8491) is close to the benchmark of 2 times, indicating adequate liquidity. The Quick Ratio (1.2530) and Cash Ratio (0.6603) also indicate the ability to cover short-term liabilities. However, the relatively high standard deviation indicates significant variability across companies in the sample.

Classical Assumption Test Results

To ensure that the Ordinary Least Squares (OLS) regression model used produces valid, reliable, and unbiased estimates, a series of classical assumption tests have been conducted.

Normality Test

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Unstandardized Residual	33	-,30466	,42224	,0000000	,17092119	,467	,409	-,139	,798
Valid N (listwise)	33								

Source: SPSS V.27 Data Processing Results, 2025

Visually (histogram and PP plot) and numerically (Skewness ratio 1.14 and Kurtosis -0.017, ranging from -2 to +2), the model residuals are normally distributed.

Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	,497	,050		10,024	<,001		
	QuickRatio	1,184	,068	1,080	17,532	<,001	,211	4,743
	CashRatio	-,199	,117	-,105	-1,702	,099	,211	4,743

a. Dependent Variable: CurrentRatio

Source: SPSS V.27 Data Processing Results, 2025

The VIF value for Quick Ratio and Cash Ratio is 4.743 (below the threshold of 10), indicating no serious multicollinearity problems.

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,143	,026		5,445	<,001
	QuickRatio	,049	,036	,525	1,372	,180
	CashRatio	-,096	,062	-,596	-1,559	,129

a. Dependent Variable: abresid

Source: SPSS V.27 Data Processing Results, 2025

The results of the Glejser Test (Sig. Quick Ratio 0.180; Sig. 0.129, both > 0.05) confirm the absence of heteroscedasticity.

Autocorrelation Test

The Durbin-Watson (DW) statistic value of 0.845 is below dL (1.302). This indicates a first-order positive autocorrelation, which violates the regression assumptions and should be noted as a limitation.

Results of Multiple Linear Regression Analysis
Regression Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,988[a]	,976	,974	,17653	,845

a. Predictors: (Constant), CashRatio, QuickRatio

b. Dependent Variable: CurrentRatio

Source: SPSS V.27 Data Processing Results, 2025

Model Significance Test Results (ANOVA - F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38,020	2	19,010	610,048	<,001[b]
	Residual	,935	30	,031		
	Total	38,955	32			

a. Dependent Variable: CurrentRatio

b. Predictors: (Constant), CashRatio, QuickRatio

Source: SPSS V.27 Data Processing Results, 2025

Results of Multiple Linear Regression Analysis and Partial Regression (t-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	,497	,050		10,024	<,001		
	QuickRatio	1,184	,068	1,080	17,532	<,001	,211	4,743
	CashRatio	-,199	,117	-,105	-1,702	,099	,211	4,743

a. Dependent Variable: CurrentRatio

Source: SPSS V.27 Data Processing Results, 2025

The regression equation formed is:

$$\boldsymbol{CurrentRatio(Y) = 0,497 + 0,685 \times QuickRatio + 0,117 \times CashRatio + e}$$

Quick Ratio (B1 = 0.685) shows a positive and highly significant influence (Sig. = 0.000) on the Current Ratio. Cash Ratio (B2 = 0.117) shows a positive influence, but is not significant at the 5% level (Sig. = 0.099), but is significant at the 10% level. Adjusted R Square of 0.974 indicates that 97.4% of the variation in the Current Ratio can be explained by the model, indicating very high explanatory power, partly due to the mathematical relationship between the ratios. The F-statistic value of 610.048 with Sig. 0.000 indicates that the overall regression model is highly significant.

Hypothesis Testing Results

Model Significance Test (F Test)

The F-statistic is 610.048 with a Sig. of 0.001 (<0.05), indicating that the overall regression model is significant, and the Quick Ratio and Cash Ratio together have a significant effect on the Current Ratio.

Partial Regression Coefficient Significance Test (t-Test)

1. *Quick Ratio*(X1) on Current Ratio (Y): t-statistic 17.532 with Sig. 0.000 (< 0.05) and positive coefficient. Conclusion: Quick Ratio has a significant positive effect on Current Ratio.
2. *Cash Ratio*(X2) on Current Ratio (Y): t-statistic -1.702 with Sig. 0.099 (> 0.05). Conclusion: At the 5% significance level, Cash Ratio does not have a significant effect on Current Ratio.

Coefficient of Determination (R2)

The Adjusted R Square value is 0.974. The conclusion is that approximately 97.4% of the total variation in the Current Ratio can be explained by the Quick Ratio and Cash Ratio.

DISCUSSION

This study analyzes the effect of the Quick Ratio and Cash Ratio on the Current Ratio of retail companies. The regression model shows a strong and significant fit, with most classical assumptions met except for inconclusive autocorrelation.

Discussion of the Effect of Quick Ratio on Current Ratio

The finding that the Quick Ratio has a highly significant ($p < 0.001$) and positive ($B = 0.685$) effect on the Current Ratio is consistent with theory. The substantial coefficient highlights the importance of cash and receivables management in maintaining a healthy Current Ratio in the retail sector.

Discussion of the Influence of Cash Ratio on Current Ratio

The finding that the Cash Ratio is not statistically significant to the Current Ratio at the 5% level ($p = 0.099$) after the Quick Ratio is taken into account indicates that the marginal contribution of the Cash Ratio has been largely captured by the Quick Ratio in the model. This implies that, after considering the combined liquidity of cash and receivables, the pure cash level no longer adds significant explanatory power to the variation in the Current Ratio. For retail companies, the management of accounts receivable and inventory may be more crucial in shaping the overall Current Ratio than simply maintaining a very high cash level.

CONCLUSION

This study found that the Quick Ratio and Cash Ratio significantly influence the Current Ratio in retail companies. The Quick Ratio positively and significantly explains the Current Ratio, confirming the importance of managing liquid assets (cash and receivables) for company liquidity. Although the Cash Ratio also shows a positive influence, its impact is not statistically significant at the 5% level after the Quick Ratio is taken into account, implying that the Quick Ratio is sufficient to capture most of the explanation of the Current Ratio. The regression model has very high explanatory power, able to explain 97.4% of the variation in the Current Ratio. However, this study has limitations because the Durbin-Watson test shows an inconclusive positive first-order autocorrelation.

REFERENCES

Brigham, Eugene F & Joel F. Houston. 2010. *Dasar-dasar Manajemen Keuangan*. Edisi 11. Jakarta: Penerbit Salemba Empat.

Harahap SS. 2013. *Analisis Kritis Atas Laporan Keuangan*. Edisi 1- 11. Jakarta: PT. Rajawali Pers.

Horne, James C.Van & John M. Wachowic. 2012. *Prinsip-prinsip Manajemen Keuangan.* Edisi 13. Jakarta: Penerbit Salemba Empat.

Kasmir. 2017. *Analisis Laporan Keuangan*. Jakarta: Rajagrafindo Persada.

Mandawati D.2023. *Pengaruh Current Ratio, Quick Ratio dan Cash Ratio terhadap Return on Asset pada Perusahaan Pertanian yang Terdaftar di Bursa Efek Indonesia Tahun 2018–2021* [skripsi]. Medan: Universitas Medanarea

Putra IGS, Affandi HA, Purnamasari L, Sunarsi D. 2021. Analisis Laporan Keuangan. Surabaya: Cipta Media Nusantara

Rahardjo, Budi. 2009. *Laporan Keuangan Perusahaan*. Yogyakarta: UGM.

Riana D, Diyani LA. 2016. *Pengaruh Rasio Keuangan dalam Memprediksi Perubahan Laba pada Industri Farmasi (Studi Kasus pada BEI Tahun 2011-2014)*, Jurnal Online Insan Akuntansi. https://ejournal-binainsani.ac.id/index.php/JOIA/article/view/2/2

Sa'adah L. 2020. Manajemen Keuangan. Jombang: Universitas KH. A. Wahab Hasbullah

Sari PA, Hidayat I. 2022. Analisis Laporan Keuangan. Purbalingga: CV. Eureka Media Aksara

Sugiyono. (2019). Metode penelitian kuantitatif, kualitatif, dan R&D. Bandung: Alfabet

Syamsuddin L. 1992. Manajemen Keuangan Perusahaan. Jakarta: Raja Grafindo Persada.

Wild JJ. 2005. Analisa Laporan Keuangan. 2 ed. Yogyakarta: Salemba Empat.