

THE INFLUENCE OF PROFITABILITY AND LEVERAGE ON EARNING RESPONSE COEFFICIENT IN MANUFACTURING COMPANIES

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ABSTRACT

The purpose of this research is to determine the effect of Profitability and Leverage as measured by Return on Assets, Return On Equit, Net Profit Margin and Gross Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio, Operating Income to Liabilities on Earnings Response Coefficient in Manufacturing Companies in the food and beverage sub-sector 2018-2022. The type of research used is an associative approach. The sampling technique uses purposive sampling. The data collection technique in this research uses documentation techniques. Based on the research results, it shows that partially ROA and DER have a significant positive effect on ERC. ROE, DAR, and OItL partially have a significant negative effect on ERC. NPM, GPM, and LtDtER have no effect on the Earning Response Coefficient. Based on the research results, it can be concluded that simultaneously Profitability and Leverage have a significant positive effect on the Earning Response Coefficient.

Keywords: Earning Response Coefficient, Leverage, Profitability.

INTRODUCTION

Competition between companies is increasingly competitive nowadays, thus encouraging each company to maintain company excellence by increasing company profits. Company management needs to make appropriate and accurate plans, so that these desires can be achieved. Of course, companies must make notes, bookkeeping and reports on their business activities in the form of financial reports. Financial reporting is a means for companies to convey various information and economic measurements regarding the resources they own and their performance to various parties who have an interest in this information (Rialdy, 2022). The information in financial reports is strong and accurate data and is a basic requirement for external parties to see the level of operational health a company and in making relevant decisions, especially information regarding profits which greatly influences the decisions taken by investors in making investments. When a company announces increasing profits, there will be a tendency for positive changes in share prices and vice versa, if the profits generated by the company decrease, there will be negative changes in share prices. The results show that accounting profit reflects one of the

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factors that influence stock prices and is useful information. Earning Response Coefficient is one measure that can be used to measure earnings quality. Earning response coefficient is defined as a response to changes in share prices resulting from the publication of financial reports, meaning that when a company makes a profit, this profit will increase the company's share price and vice versa, if the company experiences a loss it will reduce the share price. However, there are several phenomena that are not in line with the theory described previously in several companies listed on the Indonesian Stock Exchange. It turns out that every increase in profits is not always followed by a positive change in share prices, namely an increase in share prices, on the contrary, when there is a decline in profits, what happens is that share prices do not always experience a decline. There are several factors that influence the market response to the earnings response coefficient, which come from the company's external and internal environment, such as profitability and leverage, which can affect ERC. The relationship between profitability and the Earning Response Coefficient can be said to mean that if the company's profitability is high, the profits generated by the company will increase and this will further influence investors' confidence in investing their capital (Baihaqi Ammy, 2018). So this analysis can show that profitability has a positive influence on ERC. The greater the company's debt, the greater the financial leverage. Companies with high leverage will make investors less confident in the profits published in a company's financial statements. The impact of investors' lack of confidence in the company's profits from this level of debt will affect the level of the Earning Response Coefficient, because ERC will decrease if leverage is high. This relatively low market response will reflect that a company's profits are lacking or of poor quality (Saragih, 2013).

METHOD

Research is carried out with the aim of finding out the relationship between two or more variables (Sugiyono, 2019), this type of research is quantitative research, namely collecting some data from previous research on certain phenomena. Therefore, this research was carried out by collecting secondary data obtained from financial reports of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2018-2022 and other sources. The concerns of this research were obtained from several previous studies. Data analysis used in this research uses quantitative analysis (Azuar et al., 2015). Data analysis was then carried out by data analysis consisting of classical assumption tests, regression equation tests and hypothesis tests.

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RESULTS

Classic Assumption Test

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test
Unstandardized Residual

N		50	
Normal Parameters ^{a,b}	Mean	.0000000	
	Std. Deviation	2.0783156	
Most Extreme Differences	Absolute	.134	
	Positive	.134	
	Negative	-.187	
Test Statistic		.134	
Asymp. Sig. (2-tailed) ^c		.225	
Monte Carlo Sig. (2- tailed) ^d	Sig.	.426	
	99% Confidence Interval	Lower Bound	.422
		Upper Bound	.430

Source: Data processed by SPSS Version 27

Based on the outliers Kolmogrov Smirnov normality test, the results of this normality test are by eliminating and using the Sig value. The Monte Carlo obtained was 0.134 and was significant at $0.426 > 0.05$, so the data was normally distributed.

Multicollinearity Test

Table 2. Multicollinearity Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficient sBeta	t	Sig.	Collinearity Statistics Tolerance	VIF
		B	Std. Error					
1	(Constant)	41.472	3.457		4.372	.007		
	ROA	22.403	6.454	12.182	3.372	.012	.090	11.090
	ROE	-37.318	12.991	-11.100	-3.264	.003	.149	6.719

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NPM	.785	2.336	.047	.147	.884	.209	4.775
GPM	14.860	4.355	2.208	1.116	.071	.619	1.614
DAR	-3.500	4.539	-1.158	-4.771	.045	.513	1.949
DER	42.371	12.328	6.244	3.019	.034	.375	2.665
LTDTER	.685	4.293	.043	.159	.874	.299	3.342
OITL	-4.664	3.158	-.325	-1.477	.047	.444	2.253

a. Dependent Variable: ERC

Source: Data processed by SPSS Version 27

In the table above it can be seen that only the ROA variable has a VIF value of $11,090 > 10$ and the ROA tolerance value is $0.090 < 0.1$ so it can be said that multicollinearity occurs. However, other variables, namely ROE, NPM, GPM, DAR, DER, LtDtER, and OItL have VIF values < 10 and tolerance > 0.1 , thus it can be stated that the regression equation model in this study does not experience multicollinearity problems.

Heteroscedasticity Test

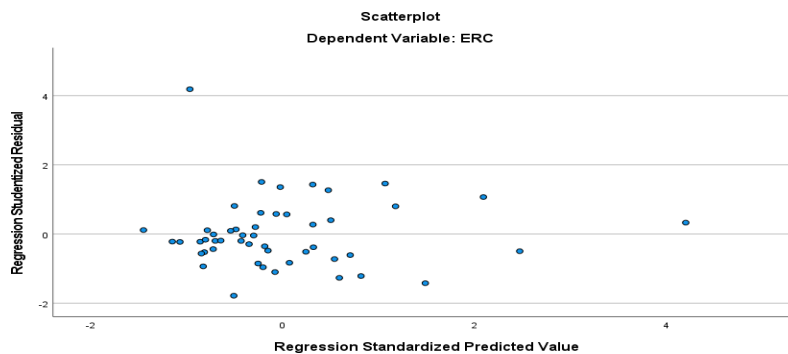


Figure 1. Heteroscedasticity Test Results

Source: Data processed by SPSS Version 27

Based on Figure 1, the results of the heteroscedasticity test show that the points in the scatterplot are spread randomly above or below the number 0 on the Y axis and do not form a particular pattern so that the research data does not have heteroscedasticity in the regression model.

Autocorrelation Test

Table 3. Autocorrelation Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.945 ^a	.889	.673	2.55170	1.978

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a. Predictors: (Constant), OITL, GPM, LTDTER, DAR, NPM, DER, ROE, ROA

b. Dependent Variable: ERC

Source: Data processed by SPSS Version 27

It can be seen from the table above that the DW value is 1.978. The dU and dL values seen in the Durbin Watson table are dU with $k=8$, k is the number of independent variables, and n (amount of data) = 50 is 1.9297 and the dL value is 1.2011. Based on the terms of the Durbin Watson test stated above, $du < d < 4-du$; This means there is no positive or negative correlation. So that $4 - du = 2.0703$, then you can see $1.9297 < 1.978 < 2.0703$. It can be concluded that the regression model above does not have an autocorrelation problem.

Multiple Linear Regression Test

Table 4. Multiple Linear Regression Test Results

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		Sig.
Model		B	Std. Error	Beta	t	.
1	(Constant)	41.742	3.457		4.372	.007
	ROA	22.403	6.454	12.182	3.372	.012
	ROE	-37.318	12.991	-11.100	-3.264	.003
	NPM	.785	2.336	.047	.147	.884
	GPM	14.860	4.355	2.208	1.116	.071
	DAR	-3.500	4.539	-1.158	-4.771	.045
	DER	42.371	12.328	6.244	3.019	.034
	LTDTER	.685	4.293	.043	.159	.874
	OITL	-4.664	3.158	-.325	-1.477	.047

a. Dependent Variable: ERC

Source: Data processed by SPSS Version 27

Based on table 4. above, the multiple linear regression equation can be formulated as follows:

$$Y = 41,742 + 22,403X_1 - 37,318X_2 + 0.785XX_3 + 14,860X_4 - 3,500X_5 + 42,371X_6 + 0.685X_7 - 4.664X_8 + e$$

Information :

- 1) The value of $\beta = 41,742$ which means that ROA, ROE, GPM, NPM, DAR, DER, LTDTER and OITL are in a constant state where The value does not change (equal to 0) so the Earning Response Coefficient value is 41.742.
- 2) The regression coefficient value for ROA is 22,403, which indicates that if there is a change in the increase in ROA (assuming the other independent variables are constant) then the ERC will experience an increase of 22,403 units.

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- 3) The regression coefficient value for ROE is -37,318 and has a negative sign, which indicates that if there is a change in the decline in ROE (assuming the other independent variables are constant) then the ERC will experience a decrease of 37,318 units.
- 4) The regression coefficient value for NPM is 0.785, which indicates that if there is a change in the increase in NPM (assuming the other independent variables are constant) then the ERC will experience an increase of 0.785 units.
- 5) The regression coefficient value for GPM is 14,860, which indicates that if there is a change in the increase in GPM (assuming the other independent variables are constant) then the ERC will experience an increase of 14,860 units.
- 6) The regression coefficient value for DAR is -3,500 and has a negative sign, which indicates that if there is a change in the decrease in DAR (assuming the other independent variables are constant) then the ERC will experience a decrease of 3,500 units
- 7) The regression coefficient value for DER is 42,371, which indicates that if there is a change in the increase in DER (assuming the other independent variables are constant) then the ERC will experience an increase of 42,371 units.
- 8) The regression coefficient value for LtDtER is 0.685, which indicates that if there is a change in the increase in LtDtER (assuming the other independent variables are constant) then the ERC will experience an increase of 0.685 units.
- 9) The regression coefficient value for OItL is -4,664 and has a negative sign, which indicates that if there is a change in the decrease in OItL (assuming the other independent variables are constant) then the ERC will experience a decrease of 4,664 units

Hypothesis Testing

For the t test criteria, the error rate is $\alpha = 5\%$ with degrees of freedom $df = n - k$ or $50 - 8 = 42$ (where n is the number of samples and k is the number of independent variables) by comparing the calculated t value of each independent variable with The t_{table} value is 2.01808 so based on table 4, it can be seen that:

- 1) The t test resulting from processing the Return On Asset variable produces a t_{count} of 3.372 which is greater than the t_{table} value of 2.018 and a significant value of Return On Assets of $0.012 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that Return On Assets has a significant positive effect on the Earning Response Coefficient
- 2) The t test resulting from processing the Return On Equity variable produces a t_{count} of -3.264 which is smaller than the t_{table} value of 2.018 and the significant value of Return On Equity is $0.003 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that Return On Equity has a negative effect on the Earning Response Coefficient
- 3) The t test resulting from processing the Net Profit Margin variable produces a t_{count} of 0.147 which is smaller than the t_{table} value of 2.018 and a significant Net Profit Margin

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value of $0.884 > 0.05$, which means H_0 is accepted and H_a is rejected. So it can be concluded that Net Profit Margin has no effect on the Earning Response Coefficient

- 4) The t test resulting from processing the Gross Profit Margin variable produces a t_{count} of 1.116 which is smaller than the t_{table} value of 2.018 and a significant Gross Profit Margin value of $0.071 > 0.05$, which means H_0 is accepted and H_a is rejected. So it can be concluded that Gross Profit Margin has no effect on the Earning Response Coefficient
- 5) The t test resulting from processing the Debt to Asset Ratio variable produces a t_{count} of -4.771 which is smaller than the t_{table} value of 2.018 and the significant value of the Debt to Asset Ratio is $0.045 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that the Debt to Asset Ratio has a negative effect on the Earning Response Coefficient
- 6) The t test resulting from processing the Debt to Equity Ratio variable produces a t_{count} of 3.019 which is greater than the t_{table} value of 2.018 and the significant value of the Debt to Equity Ratio is $0.034 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that the Debt to Equity Ratio has a positive effect on the Earning Response Coefficient
- 7) The t test resulting from processing the Longterm Debt to Equity Ratio variable produces a t_{count} of 0.159 which is smaller than the t_{table} value of 2.018 and a significant Longterm Debt to Equity Ratio value of $0.874 > 0.05$ which H_0 is accepted and H_a is rejected. So it can be concluded that the Longterm Debt to Equity Ratio has no effect on the Earning Response Coefficient
- 8) The t test resulting from processing the Operating Income to Liabilities variable produces a t_{count} of -1.477 which is smaller than the t_{table} value of 2.018 and a significant value of Operating Income to Liabilities of $0.047 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that Operating Income to Liabilities has a negative effect on the Earning Response Coefficient.

F test (simultaneous)

Table 6. F Test Results (Simultaneous Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	171.192	8	21.399	4.694	.027 ^b
	Residual	26.675	41	3.821		
	Total	144.867	49			

a. Dependent Variable: ERC

b. Predictors: (Constant), OITL, GPM, LTDTER, DAR, NPM, DER, ROE, ROA

Source: Data processed by SPSS Version 27

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$$\begin{aligned} F_{table} &= (k-1 ; n-k) \\ &= (8-1 ; 50-8) \\ &= (7 ; 42) \\ &= 2,249 \end{aligned}$$

Based on the data above, it is known that the Sig value. = 0.027. Sig value. This is then compared with the α value of 0.05 so that $0.027 < 0.05$. If we look at $F_{count} = 4.694$ and $F_{table} = 2.249$ then the value of $F_{count} > F_{table}$ so that the variables are Return on Assets, Return On Equity, Gross Profit Margin, Net Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio and Operating Income to Liabilities together have a significant effect on the Earning Response Coefficient because the Sig value. < than 0.05 and the F_{count} value $> F_{table}$ whose value is in the positive direction.

Determination Coefficient Test

Table 7. Coefficient of Determination Test Results

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945 ^a	.889	.673	2.55170

a. Predictors: (Constant), OITL, GPM, LTDTER, DAR, NPM, DER, ROE, ROA

b. Dependent Variable: ERC

Source: Data processed by SPSS Version 27

Based on table 7, it illustrates the results of the R-Square value of 0.889. These results show that the independent variables consisting of Return on Assets, Return On Equity, Gross Profit Margin, Net Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio and Operating Income to Liabilities simultaneously have an influence of 88.9% of the Earning Response Coefficient, meanwhile the remaining 11.1% is influenced by internal variables and other external variables outside the research.

DISCUSSION

Effect of Return on Assets on Earning Response Coefficient

Based on the research above regarding the influence of Return On Assets on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. Analysis of the resulting data. The t test from processing the Return On Asset variable produces a t_{count} of 3.372 which is greater than the t_{table} value of 2.018 and a significant value of Return On Assets of $0.012 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that Return On Assets has a significant positive effect on the Earning Response Coefficient. This is in accordance with previous research conducted by (Hanum et al., 2021) which states that a company with high profitability has a large ERC compared to companies with low profitability. Therefore, this research is in accordance with signal theory which states that publication of company profit information will influence investor responses (Abdullah & Nainggolan, 2019).

Effect of Return on Equity on Earning Response Coefficient

Based on the research above regarding the effect of Return On Equity on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. Analysis of the resulting data. The t test from processing the Return On Equity variable produces a t_{count} of -3.264 which is smaller than the t_{table} value of 2.018 and a significant value of Return On Equity of $0.003 < 0.05$, which means H_0 is rejected and H_a is accepted. So it can be concluded that Return On Equity has a negative effect on the Earning Response Coefficient. This is in line with research by (Alpi, 2018) which states that profitability as measured by ROE has a significant negative effect on ERC. The results of this research indicate that profitability is something that is quite important for investors to consider when making investment decisions. However, the negative direction in the results generated by ROE on ERC is in line with the research results of (Kasmir, 2012). This negative direction indicates that the higher the company's level of profitability, the lower the market response to the profits announced by the company.

Effect of Net Profit Margin on Earning Response Coefficient

Based on the research above regarding the influence of Net Profit Margin on Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesian Stock Exchange. The t test resulting from processing the Net Profit Margin variable produces a t_{count} of 0.147 which is smaller than the t_{table} value of 2.018 and a significant Net Profit Margin value of $0.884 > 0.05$, which means H_0 is accepted and H_a is rejected. So it can be concluded that Net Profit Margin has no effect on the Earning Response Coefficient. According to (Hery, 2015), Net Profit Margin is a ratio used to measure the size of a company's ability to earn profits (profits) in a certain period. The relationship between net profit, residual tax and net sales shows that management's ability to control the company can be said to be successful if it leaves a certain margin as reasonable compensation for capital owners who have provided capital for a risk. Thus, a high net profit margin (NPM) ratio will increase investors' interest in investing capital in the company's shares, so that demand the shares will increase. However, the results of this research show that profitability measured by Net Profit Margin does not have sufficient evidence to influence ERC, so it is not something that is important enough for investors to consider when making investment decisions.

Effect of Gross Profit Margin on Earning Response Coefficient

Based on the research above regarding the influence of Gross Profit Margin on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. The t test resulting from processing the Gross Profit Margin variable produces a t_{count} of 1.116 which is smaller than the t_{table} value of 2.018 and a significant Gross Profit Margin value of $0.071 > 0.05$, which means H_0 is accepted and H_a is rejected. So it can be concluded that Gross Profit Margin has no

effect on the Earning Response Coefficient. The results of this study indicate that profitability measured by Gross Profit Margin has no effect on ERC or does not have enough evidence to have an effect on ERC. These results indicate that for investors when investing in manufacturing companies in the food and beverage sector Gross Profit Margin is not an important thing to consider when making investment decisions. This research is supported by (Munawir, 2010), namely the results of the study show that GPM does not have a significant effect on stock prices. These results show that investors when investing in shares of Food and Beverage companies do not consider the size of the Gross Profit Margin.

Effect of Debt to Asset Ratio on Earning Response Coefficient

Based on the research above regarding the influence of the Debt to Asset Ratio on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesian Stock Exchange. The t test resulting from processing the Debt to Asset Ratio variable produces a t_{count} of -4.771 which is smaller than the t_{table} value of 2.018 and the significant value of the Debt to Asset Ratio is $0.045 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that the Debt to Asset Ratio has a negative effect on the Earning Response Coefficient. This is supported by research by (Isna Ardila, 2018) which states that there is a negative influence between leverage on the earnings response coefficient. The results of this research indicate that leverage as measured by the Debt to Asset Ratio has a negative effect on ERC so that this negative direction indicates that the higher the level of company leverage, the party who benefits is the debtor, a condition where when company profits increase the response of shareholders or investors is negative or less interested in investing capital in the company. However, this result contradicts (Sjahrial, 2013) that leverage has a positive effect on the earning response coefficient. So it can be concluded that not always high leverage or debt can make a company go bankrupt because many companies use high leverage to run their business with the aim of making greater profits.

Effect of Debt to Equity Ratio on Earning Response Coefficient

Based on the research above regarding the influence of the Debt to Equity Ratio on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. The t test resulting from processing the Debt to Equity Ratio variable produces a t_{count} of 3.019 which is greater than the t_{table} value of 2.018 and the significant value of the Debt to Equity Ratio is $0.034 < 0.05$, which means that H_0 is rejected and H_a accepted. So it can be concluded that the Debt to Equity Ratio has a positive effect on the Earning Response Coefficient. This is supported by the research results of (Jogiyanto, 2013) which states that capital structure as measured by DER has a significant effect on ERC. The DER ratio can be used to analyze finances, the lower the DER ratio, the better (Kalsum, 2021). The results of this research indicate that leverage as measured by the Debt to Equity Ratio has a positive effect on ERC. This positive direction indicates that the higher the company's leverage level, the higher the

composition of the company's debt compared to its own capital, so that it has a big impact on the company's burden on external parties. This is because the company will fulfill its debt obligations first before providing returns to investors. This will result in investors tending to avoid stocks with high DER values. It can be concluded in this research that the DER value of a company is still taken into account by investors when making investment decisions. Even though companies with high risk can promise high returns, on the other hand, the level of uncertainty is also high (Scott, 2015).

Effect of Long-term Debt to Equity Ratio on Earning Response Coefficient

Based on the research above regarding the influence of the Long-term Debt to Equity Ratio on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. The t test resulting from processing the Longterm Debt to Equity Ratio variable produces a t_{count} of 0.159 which is smaller than the t_{table} value of 2.018 and a significant value of the Longterm Debt to Equity Ratio of $0.874 > 0.05$ where H_0 is accepted and H_a is rejected. So it can be concluded that the Longterm Debt to Equity Ratio has no effect on the Earning Response Coefficient. The results of this study indicate that leverage as measured by the Longterm Debt to Equity Ratio has no effect on ERC. This shows that the long-term debt conditions of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange are not a consideration for investors when investing in shares. Investors consider that a high Long-Term Debt to Equity Ratio indicates that the company is in a period of improvement or is in business development and therefore requires large funds to be able to fulfill its business activities.

Effect of Operating Income to Liabilities on Earning Response Coefficient

Based on the research above regarding the influence of Operating Income to Liabilities on the Earning Response Coefficient in Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. The t test resulting from processing the Operating Income to Liabilities variable produces a t_{count} of -1.477 which is smaller than the t_{table} value of 2.018 and a significant value of Operating Income to Liabilities of $0.047 < 0.05$, which means that H_0 is rejected and H_a is accepted. So it can be concluded that Operating Income to Liabilities has a negative effect on the Earning Response Coefficient. Operating Income to Liabilities is a ratio that shows the extent or how many times the company is able to pay off all its obligations (Budiman, 2021). The results of this study indicate that leverage as measured by Operating Income to Liabilities has a negative effect on ERC. This negative direction indicates that it is getting higher level of company leverage, it can be concluded that investors are less confident/interested in investing capital in companies that have a high level of leverage.

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Effect of Return on Assets, Return on Equity, Gross Profit Margin, Net Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio and Operating Income to Liabilities on Earning Response Coefficient

Based on the analysis of data produced by a simultaneous test (F Test) which has been carried out on the influence of Return on Assets, Return On Equity, Gross Profit Margin, Net Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio and Operating Income to Liabilities on the Earning Response Coefficient that simultaneously has a significant effect on the Earning Response Coefficient. Where, based on the analysis of F test data, F_{count} is 4.694 and F_{table} is 2.249, so when compared with $F_{count} > F_{table}$, and it can also be seen that the Sig. = 0.027 when compared with α 0.05 so $0.027 < 0.05$.

CONCLUSION

Based on the results of processing and testing carried out on food and beverage sub-sector manufacturing companies registered on the IDX for the 2018–2021 period, the following conclusions can be conveyed as follows: Return on Assets has a significant positive effect on the Earning Response Coefficient in food and beverage sub-sector manufacturing companies in 2018-2022. By producing a t_{count} of 3.372 which is greater than the t_{table} value of 2.018 and a significant value of Return On Assets of $0.012 < 0.05$. Return On Equity has a negative effect on the Earning Response Coefficient in food and beverage sub-sector manufacturing companies in 2018-2022. By producing a t_{count} of -3.264 which is smaller than the t_{table} value of 2.018 and a significant Return On Equity value of $0.003 < 0.05$. Net Profit Margin has no effect on the Earning Response Coefficient in food and beverage sub-sector manufacturing companies in 2018-2022. By producing a t_{count} of 0.147 which is smaller than the t_{table} value of 2.018 and a significant Net Profit Margin value of $0.884 > 0.05$. Gross Profit Margin has no effect on the Earning Response Coefficient in food and beverage sub-sector manufacturing companies in 2018-2022. By producing a t_{count} of 1.116 which is smaller than the t_{table} value of 2.018 and a significant Gross Profit Margin value of $0.071 > 0.05$. Debt to Asset Ratio has a negative effect on the Earning Response Coefficient in food and beverage sub-sector manufacturing companies in 2018-2022. By producing a t_{count} of -4.771 which is smaller than the t_{table} value of 2.018 and a significant Debt to Asset Ratio value of $0.045 < 0.05$. *Debt to Equity Ratio* berpengaruh positif terhadap *Earning Response Coefficient* pada perusahaan manufaktur sub sektor makanan dan minuman tahun 2018-2022. Dengan menghasilkan t_{hitung} sebesar 3,019 dimana lebih besar dari nilai t_{tabel} yaitu 2,018 dan nilai signifikan *Debt to Equity Ratio* sebesar $0,034 < 0,05$. *Longterm Debt to Equity Ratio* tidak berpengaruh terhadap *Earning Response Coefficient* pada perusahaan manufaktur sub sektor makanan dan minuman tahun 2018-2022. Dengan menghasilkan t_{hitung} sebesar 0,159 dimana lebih kecil dari nilai t_{tabel} yaitu 2,018 dan nilai signifikan *Longterm Debt to Equity Ratio* sebesar $0,874 > 0,05$. *Operating Income to Liabilities* berpengaruh negative terhadap *Earning Response Coefficient* pada perusahaan manufaktur sub sektor makanan dan minuman tahun 2018-2022. Dengan menghasilkan t_{hitung} sebesar -1,477 dimana lebih kecil dari nilai t_{tabel} yaitu

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2,018 dan nilai signifikan *Operating Income to Liabilities* sebesar $0,047 < 0,05$. Return on Asset, Return On Equity, Gross Profit Margin, Net Profit Margin, Debt to Asset Ratio, Debt to Equity Ratio, Longterm Debt to Equity Ratio dan Operating Income to Liabilities secara simultan berpengaruh signifikan terhadap Earning Response Coefficient. Dimana berdasarkan analisis data uji F menunjukkan F_{hitung} 4,694 dan F_{tabel} sebesar 2,249 sehingga apabila dibandingkan $F_{hitung} > F_{tabel}$, dan dapat dilihat juga bahwa nilai Sig. = 0,027 apabila dibandingkan dengan α 0,05 sehingga $0,027 < 0,05$.

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