

ABSTRACT

There are several corporate sectors within the IDX. One of them is a manufacturing sector company that has sub sektro automotive industry and components. In Indonesia alone the number of motor vehicles until the year 2014 as many as 114,209,360 vehicles (<http://bps.go.id/>). Therefore, the automotive industry and component companies need to converge the financial ratios to the industry average in order to compete and attract investors to invest

This study aims to determine whether there is a convergence of financial ratios in automotive sector companies and components listed on the Indonesia Stock Exchange in 2013-2015. What is the direction and speed of adjusting the financial ratios of automotive companies and components listed on the Indonesia Stock Exchange 2013-2015.

The unit of analysis of this research is a manufacturing company sub sector of the automotive industry and components listed on the Indonesia Stock Exchange. Sample selection technique from this research use purposive sampling and get 10 companies for 3 years with total sample 30 samples. Data analysis method in this research use Partial Adjustment from Lev (1969).

The results of this study indicate that there are 3 financial ratios (current ratio, inventory turnover ratio, total asept turnover ratio) that converges. For the direction and speed of settlement there are 3 financial ratio (current ratio, quick ratio, total asset turnover ratio) which is below the industry average. For the most rapid adjustment capability possessed by total asset turnover ratio with a speed of β 0.368.

Key Word: Financial Ratio, Convergence of Financial Ratio, Partial adjustment Model Lev, Automotive Industry and Components