Abstract

Consumer goods industry is the largest percentage of the industry with the establishment of the PDB on the basis of the applicable Rates and constant 2000 according to Field Business 2010-2014. Therefore the consumer goods company needs to make adjustments against a minimum target of financial ratios the average ratio of the industry, to adjust the existing competition conditions.

This research aims to know the convergence of financial ratios, speed and direction of convergence of industrial consumer goods companies against industry average consumer goods the period 2010-2014. The population in this research is the financial reports of the companies listed on the BEI on consumer goods sector 2010-2014. Sample selection technique using a purposive sampling and retrieved 17 companies that came with a period of 5 years so obtained 85 samples are processed. A method of data analysis in this study uses the partial adjustment model of Lev (1969).

The research results showed that there were 3 financial ratio (current ratio, debt ratio and dividend payout ratio) which converges towards the industry average. For behavior (directions) convergence shows that there is a financial ratio that has 2 convergence above the average ratio of industrial consumer goods, namely debt ratio (α = 0.009) and dividend payout ratio (α = 0.006). For speed adjustment indicates that the ratio of the most rapidly make adjustments is dividend payout ratio β value of 0.214

Keyword: Financial Ratios, Convergence Of Financial Ratios, Partial Adjustment Model, Lev, Consumer Goods.