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The Effect of Current Ratio, Debt to Equity Ratio, and Total Asset Turnover Ratio on Return on Assets

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ABSTRACT

This study aims to examine and analyze the influence of financial ratios, specifically the Current Ratio (CR), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO), on Return on Assets (ROA) in property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. A quantitative approach was employed, using a purposive sampling method based on specific criteria. From a population of 96 companies, 14 companies met the criteria over a five-year period, resulting in a total of 70 observations. The study utilized secondary data derived from the companies' annual financial statements. Data analysis was conducted using EViews 12 software with a panel data regression model. The results of the analysis indicate that the Current Ratio (CR) has no significant effect on Return on Assets (ROA), while the Debt to Equity Ratio (DER) has a significant negative effect, and the Total Asset Turnover (TATO) has a significant positive effect on ROA. These findings suggest that financial management in the property and real estate sector should focus on optimizing asset utilization and capital structure to enhance corporate profitability.

Keywords:

Current Ratio, Debt To Equity Ratio, Total Asset Turnover Ratio dan, Return On Asset

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INTRODUCTION

Data from the Central Statistics Agency shows an increase in Indonesia's economic growth over the last two years. The first quarter of 2023 recorded 5.03 percent year-on-year (yoy), while the first quarter of 2024 grew by 5.11 percent (yoy) compared to the first quarter of 2023. This positive economic growth is supported by the business sector, particularly driven by the manufacturing industry, accommodation and food services, and other services. However, investment growth remains constrained due to limited construction investment. Construction investment, which includes construction and property investment, is currently a major concern, especially for the government. Both sectors have experienced significant declines over an extended period.

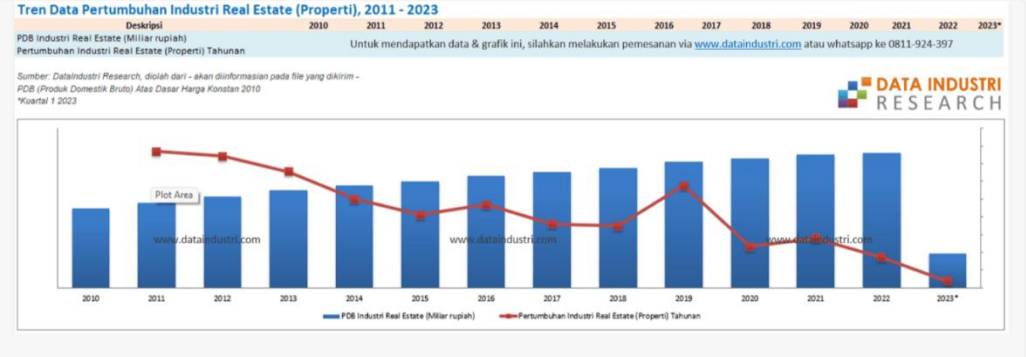

Figure 1. Real Estate Industry Growth Data Trends 2011-2023

From the graph above, it can be seen that the real estate and property industry in the 2011-2023 period reached its highest point in 2011. During this period, this sector was considered the star of all sectors. This condition was driven by Indonesia's stable economy and large investments from the private and government sectors. However, from 2018 to 2019, as growth in this sector began to slow, there was a drastic slowdown from 2019 to 2020, likely influenced by the COVID-19 pandemic. Despite subsequent stimulus measures such as subsidized home loan programs (KPR) and low interest rates, the impact has not been sufficient to restore the sector's growth to its previous levels.

If analyzed further, it can be seen that the Gross Domestic Product (GDP) value in this sector has increased, but industrial growth in this sector has slowed down. This reflects that the sector is generating greater value from more limited activities. However, it should be noted that if this trend continues, where the growth of the Gross Domestic Product ( ) in this sector reflects long-term prospects, this could gradually lead to negative sentiment toward real estate and property stocks.

The slowdown in the growth of the real estate and property industry is closely correlated with stock price movements in this sector. The drastic decline in stock prices in the real estate and property sector is partly due to investor concerns about market uncertainty and the unstable economic growth conditions. Several companies have experienced significant declines in their stock prices. The primary objective of an investor in making an investment is to generate profits. These profits can take the form of dividends distributed by the company from its earnings. Therefore, investors will consider various aspects, particularly the fundamental aspects of the company. Fundamental aspects can be determined through financial statement analysis using various financial ratios.

Return on Assets (ROA) is a financial indicator used to assess how effectively a company utilizes its assets to generate profits. According to Kasmir (2019), ROA is a ratio that shows the results of the assets used by a company, which also serves as a measure of management effectiveness in managing them. The results of the study " " (Almira and Wiagustini, 2020) indicate that ROA of has a positive influence on stock returns, meaning that the higher the ROA of a company, the higher the stock returns of that company. An increase in ROA can attract investors to invest, while a decrease in ROA will cause stock returns to decline. The findings indicate that higher income results in more efficient asset turnover, which directly impacts the improvement of a company's fundamental value.

Companies with higher net profits have more resources to develop their business operations, make more profitable investments, or pay off debts, which in turn can enhance the efficient use of assets.

As explained earlier, ROA can be used as an indicator of a company's level of asset management in order to generate profits. This leads to the conclusion that the slowdown in the real estate and property sector in recent years can also be seen from the decline in ROA. This decline reflects significant pressure on the operational efficiency of companies in managing their assets optimally. Other factors, such as external factors like economic instability, high interest rates, and weak consumer spending, also contribute to the poor financial performance of this sector. Additionally, high debt burdens and operational costs that are disproportionate to revenue can also be causes of declining ROA. This can be more clearly observed by comparing the ROA values of several real estate and property companies listed on the main board of the Indonesia Stock Exchange (IDX), as follows:

Table 1. ROA of Real Estate and Property Companies Listed Companies on the Indonesia Stock Exchange) Years 2019 and 2023

No	Company / Year	2019	2023	ROA
1	APLN	0.4101	0.0041%	DOWN
2.	ASRI	4.6265	2.8676	DOWN
3.	BEST	5.9404	0.6654%	DOWN
4.	BSDE	5.7491	3.3810	DOWN
5	CTRA	3.5454	4.3274	UP
6	DILD	2.9552	5.1906	UP
7	DMAS	17.5322	18.0232	UP
8	KIJA	1.1583	4.0828	UP
9	LPCK	3.1428	0.0011	DOWN
10.	LPKR	-3.7426	1.3193	UP
11.	MDLN	2.5401	-0.7659	DOWN
12	MMLP	4.0533	1.6888	DOWN
13.	MTLA	7.9842	6.8263	DOWN
14.	PUDP	0.8045	-0.4491	DOWN
15.	PWON	12.4153	7.2688	DOWN
16	SMRA	2.5081	3.3935	UP

Source: Company Financial Statements, Data processed in 2024

The table above shows that out of 16 real estate and property companies listed on the main board of the Indonesia Stock Exchange (IDX), 10 companies experienced a decline in ROA when compared to 2019 and 2023, while only 6 companies experienced an increase in ROA when compared to 2019 and 2023. A high ROA indicates that a company is able to optimize the use of its assets to generate significant profits (*Current Ratio)*, while a low ROA may indicate efficiency issues or ineffective asset management (*Total Asset Turnover)*, which could ultimately lead to difficulties in paying off liabilities (*Debt to Equity Ratio)*. By analyzing ROA, stakeholders can assess whether a company is still viable and healthy in the

long term, as well as identify areas where improvements are needed to enhance the company's financial performance.

(Sari & Dwirandra, 2019) in their study revealed that ROA is positively and significantly influenced by DER. Meanwhile, CR shows a negative and significant influence. In their study, CR showed high values due to too much idle funds because they were not optimally invested. Conversely, Setiawan (2015) in his study explained that CR has a significant influence on ROA. However, DER does not show a significant influence. Research on TATO's impact on ROA (Wahyuni & Suryakusuma, 2018) and (Alpi & Gunawan, 2018) concluded that TATO influences ROA.

Meanwhile, according to (Damayanti & Chaerudin, 2021) in their research, CR has a significant positive effect on ROA, and DER has no effect on ROA, but TATO has a significant positive effect on ROA. Simultaneously, CR, DER, and TATO have an effect on ROA. Another study (Tan & Hadi, 2020) shows that, partially, CR, DER, and TATO do not influence ROA in pharmaceutical manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2014 to 2018.

Based on the business phenomenon or *research gap* described earlier, it shows that more real estate and property companies have not been able to optimize their assets. Therefore, the author will conduct a research method with the aim of determining the financial performance of companies as seen from the influence of *Current Ratio, Debt to Equity Ratio,* and *Total Asset Turnover Ratio* on Return on Assets in Real Estate and Property Companies Listed on the Indonesia Stock Exchange (IDX).

METHOD

Research design serves as the basis for determining how to manage and interpret all data and information related to the research objectives. A quantitative approach was employed, using a purposive sampling method based on specific criteria. In this study, two types of variables are used, namely independent variables and dependent variables. Dependent variables are variables whose values are influenced by other factors in this study, namely *Return on Assets* (ROA). Conversely, independent variables are factors that influence dependent variables. This study uses *Current Ratio (*CR), *Debt to Equity Ratio (*DER), and *Total Asset Turnover (*TATO) as independent variables.

$$Y_{i,t} = a + b_1 X_{1i,t} + b_2 X_{2.i,t} + b_3 X_{3.i.t} + b_4 X_{4.i,t} + b_5 X_{5.i,t} +$$

$$ROA = a + b_1 CR + b_2 DER + b_3 TATO + e$$

Notes:

$_{Y}$ = $_{Return}$on Assets (ROA)

a = Constant

X.1 = Current Ratio (CR)

X.2 = Debt to Equity Ratio (DER)

$_{X}$.3 = Total Asset Turnover (TATO)

$b12345$ = Regression Coefficient of Variable
i = Company i at time t
e = Error

Unit of Analysis

This study is limited to real estate and property companies whose unit of analysis is the annual financial statements of each company, which will then be calculated according to a formula to obtain variables that are ready for analysis.

The research variables will be determined or established by the researcher as the object of the study, with the aim of obtaining relevant information about it, which can then be used to draw conclusions. In this study, there are 3 (three) dependent variables and 1 (one) independent variable, which will be explained below:

The dependent variables selected in this study are *Current Ratio* (X_1), *Debt to Equity Ratio* (X_2), and *Total Assets Turnover* (X_3), which will be obtained using the following formulas:

Table 2. Dependent Variables

Variablel	Measure			Scale
Current Ratio	CR =	Current Assets / Current Liabilities	x 100%	Ratio
Debt to Equity Ratio	DER =	Total Debt / Equity	x 100%	Ratio
Total Asset Turnover	TATO =	Net Asset Sales / Total Assets	x 100%	Ratio

The dependent variable selected in this study is *Return on Assets* (Y), whose value will be obtained using the following formula:

Table 3 Independent Variables

Variable	Measure			Scale
Return on Assets	ROA =	Net Profit / Total Assets	x 100%	Ratio

In this study, the information used is sourced from secondary data, specifically company annual reports for the period 2019–2023. The method used in data collection in this study is a literature review. The literature review was conducted by studying various literature, books, references, and other documentation related to the research object. This literature review includes textbooks, previous scientific articles in the form of journals, theses, and another research. Data on CR, DER, TATO, and ROA were obtained through an analysis process using formulas or equations that have been standardized in the field of finance.

RESULTS AND DISCUSSION

Research Findings

Descriptive Statistics

The number of data observed in this study consisted of 70 data. The ROA variable is the dependent variable in this study, while the independent variables are CR, DER, and TATO. The following table shows the descriptive analysis, which indicates the range of values for each variable, starting from the minimum, maximum, mean, and standard deviation.

Table 4. Descriptive Test Results

	ROA	CR	DER	TATO
Mean	0.0521	0.3654	0.6491	0.8243
Median	0.0409	0.4062	0.5636	0.7814
Maximum	0.1997	0.6961	1.7431	2.0711
Minimum	0.0001	0.0039	0.0857	0.1985
Std. Dev.	0.0442	0.2017	0.4070	0.3667
Skewness	1.6926	-0.2116	0.5384	1.2322
Kurtosis	6.0281	1.8917	2.5834	3.8278
Jarque-Bera	49.0126	4.0876	3.8754	15.4863
Probability	0.0000	0.1284	0.1432	0.0004
Observations	70	70	70	70

Source: Results from Eviews 12, 2025

Based on Table 4 above, the results of the descriptive analysis test above can be explained as follows:

1. The table above shows that the average (mean) ROA value of 0.05287 indicates that, in general, the company is able to generate a profit of around 5.2% from its total assets. However, the lower median value of 0.040855 indicates a possibility of a right-skewed (positive) data distribution, with a value of 1.692592. The maximum ROA value is 0.199720, meaning that the company with the highest ROA is able to generate nearly 20% profit from its assets. Meanwhile, the minimum ROA value is 0.000140, indicating that there are companies generating very little profit from their assets.
2. The average or mean value in the table is 0.365355 with a median of 0.406180. A median that is higher than the average indicates that most companies have a current ratio higher than the average value, or there are some extreme low values that pull the average value down. The maximum value of 0.696050 and the minimum value of 0.003870 reflect significant variation in companies' ability to meet their short-term obligations.
3. The average DER value is 0.649108 with a median of 0.563575, indicating that in general, companies have a capital structure that relies more on equity, although some use debt in significant amounts. The maximum DER value of 1.743050 indicates that there are companies whose debt is almost twice their equity. Conversely, the minimum DER of 0.085660 indicates that some companies have almost no debt.

4. The average or mean value of the TATO variable is 0.125969, indicating that the average company is only able to generate revenue of 12.6% of its total assets – relatively low. The median value of 0.125780 is nearly identical to the mean, indicating a fairly even distribution. The maximum value of 0.326310 and the minimum value of 0.000200 highlight significant differences in asset utilization efficiency.

The classical assumption test is used to determine whether the model used is appropriate or not. In this study, the classical assumption test used consists of normality test, multicollinearity test, and heteroscedasticity test. The results of the classical assumption test from the Eviews 12 output will be explained below.

Normality Test

Table 5. Descriptive Test Results of the Normal Assumption Test

Statistics	ROA	CR	DER	TATO
Mean	0.052087	0.365355	0.649108	0.125969
Median	0.040855	0.406180	0.563575	0.125780
Maximum	0.199720	0.696050	1.743050	0.326310
Minimum	0.000140	0.003870	0.085660	0.000200
Std. Dev.	0.044158	0.201743	0.407013	0.085417
Skewness	1.692592	-0.211639	0.538368	0.098966
Kurtosis	6.028134	1.891659	2.583384	2.068714
Jarque-Bera	60.16810	4.105457	3.887711	2.643872
Probability	0.000000	0.128384	0.143151	0.266619
Sum	3.646090	25.57487	45.43758	8.817800
Sum Sq. Dev.	0.134543	2.808306	11.43052	0.503431
Observations	70	70	70	70

Source: Results from Eviews 12 data, 2025

The table above shows the results of descriptive data analysis. From this descriptive information, we can determine the normality of the data. This study refers to the Skewness value to determine the normality of the analyzed data. If the skewness value is between -2 and +2 and the kurtosis value is between -7 and +7, the data is considered normal (Kurnia & Akbar, 2023). In the table above, the test results for the variables ROA, CR, DER, and TATO have skewness values of 1.692592; -0.211639; 0.538368 and 0.098966, respectively, which are within the range of -2 to +2. Furthermore, the kurtosis values for the variables ROA, CR, DER, and TATO are 6.028134; 1.891659; 2.583384 and 2.068714, respectively, where all values are also within the range of -7 to +7. Therefore, it can be concluded that each variable is normally distributed because the results of the normality test are within the specified limits.

Multicollinearity Test

Table 6. Results of Multicollinearity Test

	CR	DER	TATO
CR	1.000000	-0.303029	0.281125
DER	-0.303029	1.000000	-0.697003
TATO	0.281125	-0.697003	1.000000

Source: Results from Eviews 12, 2025

The multicollinearity test was conducted to determine whether the regression model contained correlations between independent variables, as a good regression model should have low correlations. If the correlation between variables is high, it will result in multicollinearity. In the table above, the results of the multicollinearity test show that each variable passed the multicollinearity test, because the regression coefficients between the independent variables of are < 10. The correlation coefficient between CR and DER is -0.303029; between CR and TATO is 0.281125; and between DER and TATO is -0.697003.

Heteroscedasticity Test (Glejser Test)

Table 7. Heteroscedasticity Results (Glesjer Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.045877	0.014677	3.125861	0.0026
CR	-0.002631	0.015187	-0.173231	0.8630
DER	-0.020852	0.012619	-1.652426	0.1032
TATO	-0.067579	0.049323	-1.370119	0.1753

Source: Results from Eviews 12 data, 2025

Based on the table above, it can be seen that all dependent variables do not exhibit heteroscedasticity, as the probability values for CR are 0.8630, DER are 0.1032, and TATO are 0.1753. This means that the probability values for all variables are >0.05, indicating that all variables pass the heteroscedasticity test.

Model Selection Test

This study has data with panel data characteristics, namely data based on cross section and time series. The cross-section data in this study is 14 companies, while the time series data in this study is the period from 2019 to 2023, which is 5 years, so the total panel data in this study is 70 data. The amount of data was obtained from the multiplication of the number of companies by the research period. The following are the steps in the panel data regression analysis:

1. Estimation of the panel data regression model.
2. Selection of the panel data regression model technique.

Panel data has three models: *fixed effect model (FEM), random effect model (REM),* and *common effect model (CEM).* Each regression data study will use one of these model techniques, determined by their respective estimation tests. The results of the three model techniques are as follows:

Table 8. *Fixed Effect Model* Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.062514	0.017323	3.608605	0.0007
CR	-0.029203	0.018487	-1.579625	0.1201
DER	-0.062504	0.018654	-3.350736	0.0015
TATO	0.324008	0.060935	5.317289	0.0000

Source: Data analysis results from Eviews 12, 2025

Table 9. Results of the Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.055616	0.018540	2.999789	0.0038

CR	-0.023389	0.017600	-1.328902	0.1885
DER	-0.049273	0.015794	-3.119637	0.0027
TATO	0.293718	0.057459	5.111746	0.0000

Source: Data analysis results from Eviews 12, 2025

Table 10. Results of the Common Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.051837	0.019425	2.668628	0.0096
CR	0.001405	0.021787	0.064506	0.9488
DER	-0.037694	0.014453	-2.608077	0.0112
TATO	0.188068	0.071608	2.626352	0.0107

Source: Data analysis results from Eviews 12, 2025

Chow Test

The Chow test was conducted to determine whether *the fixed effect model* or *common effect model* was the most appropriate model technique to use in this study, taking into account the following conditions:

a) If the probability value of *the cross-section* F and *cross-section* Chi-square≥ 0.05, then $H_0$is accepted and *the common effect model* is selected.
b) If the value of prob. from *cross-section* F and *cross section* Chi-square≤ 0.05 then $H_0$is rejected, and the selected model is the *fixed effect model* approach.

Table 11. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	22.600263	(13,53)	0.0000
Cross-section Chi-square	131.492634	13	0.0000

Source: Data analysis results from Eviews 12, 2025

Based on the table above, the better model approach to use is *the fixed effect model.* $H_0$is accepted, and the selected model is the *random effect model* because the *cross-section* F and *cross-section Chi-square* probability are 0.0000 ≤ 0.05.

Hausman Test

The Hausman test was conducted to determine which model is best between *the fixed effect model* and *the random effect model* to be used as a modeling technique in the study, taking into account the following conditions:

a) If the probability value of *the cross-section* random -≥ 0.05, then $H_0$is accepted and the selected model is the *random effect model* approach.
b) If the probability value of *the cross-section* random -≤ 0.05, then Ha is rejected and the selected model is the *fixed effect model* approach.

Table 12. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.301505	3	0.3474

Source: Data analysis results from Eviews 12, 2025

Based on the results of the goodness-of-fit test in the table above, it can be seen that the appropriate estimation model to use is *the random effect model.* This is because the probability value obtained for the *cross-section random* value is 0.3474,

where the prob. value is 0.05, so H_0 is accepted and the model is *the random effect model.*

Lagrange Multiplier Test

The Lagrange Multiplier Test compares *the random effect model* and *the common effect model* with the following hypothesis:

a) If the *Breusch-Pagan* value is≥ 0.05, then $H_0$is accepted and the selected model is the *common effect model* approach.
b) If the *Breusch-Pagan* value is ≤ 0.05, then Ha is rejected and the selected model is the *random effect model* approach.

Table 13. Lagrange Multiplier Test

Test Hypothesis	Cross-section	Time	Both
Breusch-Pagan	84.00684	1.674930	85.68177
	(0.0000)	(0.1956)	(0.0000)

Source: Data processed using Eviews 12, 2025

Based on the LM test results, *the random effect model* is the better technical model approach to use. $H_0$is accepted and *the random effect model* is selected because the *Breusch Pagan* value is 0.0000 ≤ 0.05.

After conducting the three technical tests for panel data regression, namely the Chow test, the Hausman test, and the Lagrange multiplier test, and obtaining the results, the panel data regression equation can be determined. The results indicate that the panel data regression equation serves as the best model for this study, based on the results of *the random effect model.* The Chow test points toward *a fixed effect model,* while the subsequent Hausman and Lagrange multiplier tests point toward *a random effect model*.

Based on the results of data analysis, several research findings were discovered. These findings indicate that the Current Ratio does not have a significant positive effect on Return on Assets, the Debt to Equity Ratio has a significant negative effect on Return on Assets, and Total Asset Turnover has a significant positive effect on Return on Assets.

The Effect of Current Ratio on Return on Assets

Based on the results of previous data analysis, it has been found that CR does not have a significant effect on ROA in the real estate and property sector. This is due to the t-test results shown by a probability value of 0.1885, which is greater than the significance level in this study, which is 0.05. Based on this, it can be said that CR does not have a significant effect on return on assets.

The insignificant results of this variable may be due to several factors. In the context of the real estate and property industry, most of the company's assets are illiquid, such as land, buildings, and long-term construction projects. Operational activities in this industry also tend to require a long time before generating revenue. Additionally, the real estate and property sector often experiences market fluctuations influenced by external factors such as interest rates, government regulations, and economic conditions. Therefore, liquidity ratios

like the CR may be less relevant when used as an indicator of short-term profitability, such as ROA.

Thus, statistical test results showing that CR is not significant to ROA reinforce that company liquidity is not the only determinant of the successful use of assets in generating profits in the real estate and property sector. Asset management efficiency, long-term project conditions, and company strategies in responding to market and economic changes can be taken into consideration by investors.

The results of this study support previous research conducted by Wanny, et al. (2019), Laela & Hendratno (2019), Tan & Hadi (2020), Darminto & Fuadati (2020), Ardhefani, Pakpahan & Djuwarsa (2021), Sari, et al. (2022), which stated that CR does not have a significant effect on ROA. Conversely, this study does not support the research conducted by Zaman (2021), which stated that CR has a significant positive effect on ROA.

The Influence of Debt to Equity Ratio on Return on Assets

DER in this study was used to measure the level of debt and the use of assets to generate profits from the assets owned. Based on the t-test results showing a probability value of 0.0027, it can be concluded that the effect of DER on ROA is statistically significant. However, the regression coefficient of -0.049273 shows a negative relationship between DER and ROA. This means that every one-unit increase in DER reduces ROA by approximately 0.049. This indicates that the higher the debt level of a company, the lower its ability to generate profits from its assets. This may be related to the increasing interest burden resulting from rising debt, which reduces the profits obtained from existing assets.

Regarding the real estate and property sector, the effect of DER on ROA can be more complex. Companies in this sector often require significant debt financing to fund their property projects. The use of debt can accelerate expansion and project development, but at the same time, it also increases financial risk. If a company cannot generate sufficient income from its assets (e.g., rental income, property sales), high debt can pressure profitability, as reflected in the negative relationship between DER and ROA.

Overall, for companies in this sector, the results of this analysis serve as a warning that although debt can accelerate development and growth, excessive debt management can also hamper asset efficiency. Therefore, companies need to maintain a balance between using debt for expansion and their ability to generate sufficient profits from their assets to maintain sound financial performance.

The results of this study support previous research conducted by Wanny, et al. (2019) and Zaman (2021), which stated that DER has a negative and significant effect on ROA. Conversely, this study does not support other studies conducted by Darminto & Fuadati (2020), Sari et al. (2022), Ardhefani, Pakpahan & Djuwarsa (2021), which found that DER has a positive and significant effect on ROA. In contrast to other studies, Tan & Hadi (2020), Laela & Hendratno (2019), and Damayanti & Chaerudin (2021) state that DER does not have an effect on ROA.

The Influence of Total Asset Turnover on Return on Assets

In this study, TATO was used to measure how effectively companies utilize all of their assets to generate revenue. The higher the TATO value, the more efficient the company is in managing its assets to generate sales. TATO is an important indicator of a company's operational efficiency, while ROA describes profitability based on total assets. The results of the t-test previously explained show a probability value of 0.000, indicating that the relationship between TATO and ROA is statistically significant and has an influence on ROA. In other words, changes in TATO are certain to have a significant impact on a company's ability to generate profits from its assets.

In addition, the regression coefficient value of 0.293718 indicates that there is a positive relationship between TATO and ROA. This means that every one unit increase in TATO will increase ROA by 0.2937. This indicates that the more efficient a company is in turning its assets into revenue, the greater the profit it will earn. High operational efficiency directly contributes to increased company profitability. A company's ability to convert its assets into income, such as sales or property rentals, is key to maintaining good financial performance. When TATO is high, the company is able to optimally utilize its assets, which ultimately has a positive impact on ROA.

Thus, these results show that companies in the real estate and property sector are able to improve the efficiency of their asset utilization to obtain greater profits. One of the strategies is to accelerate the property sales cycle, expand the market, and manage projects appropriately. This is because efficiency in asset management will support revenue growth, which will ultimately strengthen profitability as reflected in an increase in ROA.

The results of this study support previous research conducted by Laela & Hendratno (2019), Wanny, et al. (2019), Darminto & Fuadati (2020), and Damayanti & Chaerudin (2021), which stated that TATO has a positive effect on ROA. However, this study does not support the findings of Tan & Hadi (2020), who stated that TATO does not influence ROA.

The influence of CR, DER, and TATO on Return On Asset

In the previous discussion, it was found that Current Ratio (CR), Debt to Equity Ratio (DER), and Total Asset Turnover (TATO) were able to explain 42.93% of the variation in Return on Assets (ROA). This means that the three variables simultaneously have a significant influence on the level of profitability of the company as measured by ROA. Meanwhile, the remaining 57.07% is influenced by other factors not included in this model.

When compared to previous studies, the Adjusted R-squared value in this study shows moderate results. For example, research conducted by Tan and Hadi (2020) shows that CR, DER, and TATO only affect ROA by 11.5%, which means that the contribution of these three variables in explaining ROA is relatively low. Different results were shown by Laela and Hendratno (2019), Darminto and Fuadati (2020), and Wanny et al. (2019), who each noted that CR, DER, and TATO had a simultaneous effect on ROA of 93%, indicating a very high level of influence.

Meanwhile, Damayanti and Chaerudin (2021) found an influence of 34.4%, which is still below the results of this study. Thus, the Adjusted R-squared result of 42.93% in this study can be considered quite representative and shows that the three variables have a

significant contribution in influencing ROA, although not as large as found in several other studies.

The differences in results between these studies may be due to differences in industry sectors, the time period studied, the number of samples, and the characteristics of each company that was the subject of the study. Therefore, these results reinforce the importance of context in assessing the strength of the influence of financial variables on company performance.

CONCLUSION

The results show that the *Current Ratio* (CR) does not have a significant effect on *Return on Assets* (ROA), indicating that liquidity, as measured by CR, is insufficient alone to impact profitability. In contrast, the *Debt to Equity Ratio* (DER) has a significant negative effect on ROA, suggesting that a higher debt burden reduces net profit from assets. Meanwhile, the *Total Asset Turnover* (TATO) has a significant positive effect on ROA, implying that more efficient asset utilization leads to higher profitability. Collectively, CR, DER, and TATO significantly influence ROA, explaining about 42.9% of its variation, while the rest is affected by other factors. Based on these findings, it is recommended that real estate and property companies prioritize optimizing asset utilization and managing debt levels to enhance profitability. For future research, it is suggested to explore additional variables such as operational efficiency, market conditions, and investment strategies to gain a more comprehensive understanding of factors influencing ROA.

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