

The Effect of Current Ratio, Total Asset Turnover, Debt to Equity Ratio on Return on Equity in Property Sub-Sector Companies Listed on the Indonesia Stock Exchange for the 2018-2021 Period

Tasya Dhea Meilita, Wahyudiono

Department of Management, Narotama University
Jl. Arief Rachman Hakim, No. 51, 60117, Surabaya, Indonesia
Tsydm27@gmail.com, wahyudiono@narotama.ac.id

Abstract

This study aims to determine the effect of Current Ratio, Total Asset Turnover, and Debt to Equity Ratio on Return On Equity in Property Sub Sector Companies on the Indonesia Stock Exchange for the 2018-2021 Period. This study uses an associative approach. The population used in this study is the Property Sub Sector Companies on the Indonesia Stock Exchange for the 2018-2021 period with a total of 39 companies. The sample used in this study used 8 companies that met the criteria with the purposive sampling method. The data analysis technique used in this study uses multiple linear regression, classical assumption test, hypothesis test, and coefficient of determination test. Data processing in this study used the IBM SPSS 26 program. The results showed that partially Current Ratio has a significant effect on Return On Equity, Total Asset Turnover has a significant effect on Return On Equity and Debt to Equity Ratio has no significant effect on Return On Equity. Meanwhile, simultaneously Current Ratio, Total Asset Turnover, and Debt to Equity Ratio have a significant effect on Return On Equity.

Keywords:

Current Ratio, Debt to Equity Ratio, Return On Equity, Total Asset Turnover

1. Introduction

1.1. Background

The Property Sector plays an important role in the economy and development in Indonesia. One sector of a service company in the field of property and real estate engaged in the development of integrated and dynamic areas. The development generated by Property Companies is very diverse, the products are in the form of apartments, housing, offices and malls. Property companies are still one of the top choices for investors in investing, because land and building prices tend to increase every year as the population increases. So that the development of property companies is considered as a sector that is able to survive economic conditions and competition in the business world in Indonesia. However, in 2020, Indonesia's economic condition is known to have decreased with an index of 43.07% due to the Covid-19 Pandemic. So that people's purchasing power is weak because they prioritize basic needs, such as daily needs compared to property assets. Thus making it difficult for investors to sell property assets at high prices. Property Sub Sector Companies need broader policies so that the business world can survive and develop their business during the Covid-19 pandemic. So that investors make the right choice to invest capital to increase the company's success in earning profits. With the existence of capital can certainly improve the company's performance (Agustina et al., 2021).

Profitability describes the company's ability to earn profits through the company's capabilities and resources. Profitability is used to measure the company's ability through policies and decisions made by the company. Profitability is very important for companies because it is used as a reference to increase returns. Return On Equity is used to determine the amount of net profit after tax using their own capital. The higher the value of Return On Equity can increase investor confidence to invest, so that the company benefits because it earns profits. Therefore the high value of Return On Equity is influenced by the amount of profit.

This is reinforced by the development table of Return On Equity in Property Sub Sector Companies on the Indonesia Stock Exchange for the 2018-2021 period which experienced a decrease and increase (fluctuation) during the Covid-19 Pandemic as follows :

Table 1. Development of Return On Equity in Company Property Sub Sector Period 2018-2021 years

Years	Return On Equity (%)	Development Return On Equity (%)
2018	0.11	0
2019	0.07	-0.04
2020	0.03	-0.04
2021	0.04	0.01

Source: Indonesia Stock Exchange (data processed)

Based on table 1. above, it can be analyzed that Return On Equity in Property Sub Sector Companies listed on the Indonesia Stock Exchange from 2018 to 2021 has decreased and increased (fluctuated). From 2018 to 2020 the development of Return On Equity experienced the same decrease of -0.04%. This is because in 2019 unstable economic growth made investors refrain from investing in Property Sub Sector Companies. Economic growth continued in 2020, which caused a decrease in sales and net profit, so that the Property Sub Sector Company suffered losses due to the Covid-19 Pandemic (Melati & Kusjono, 2021). Meanwhile, from 2020 to 2021 Return On Equity has increased by 0.1%. This is because the property world is starting to wake up, increasing public interest in buying property assets amid the Covid-19 pandemic, so as to increase sales and net profit.

The Current Ratio is one of the factors that influence the amount of profit to measure how far current assets are in paying short-term obligations when they fall due. Current Ratio is used by companies to carry out the company's operational activities to gain profit or profitability. The higher the Current Ratio, the smaller the risk of company failure in meeting short-term obligations (Habibie, 2022).

Total Asset Turnover is one of the factors that influence the amount of profit by comparing net sales with total assets. Total Asset Turnover is used by companies to measure the extent to which the company uses its resources to determine the company's performance over a certain period of time. The higher the Total Asset Turnover, the more the company's productivity using total assets. Conversely, a low Total Asset Turnover indicates that the company is not using its total assets optimally (Liza et al., 2022).

Capital structure is the main key in carrying out company productivity by means of a comparison between long-term debt and own capital. To determine the optimal capital structure, the company must minimize the cost of capital and maximize the value of the company. Capital structure is one of the factors that influence the size of a company's profits. Debt to Equity Ratio is used to assess total debt and total equity by determining the amount of funds provided by creditors and company owners (Mawarni & Kusjono, 2021). The higher the Debt to Equity Ratio indicates the greater the company's debt compared to its own capital, so that the company's burden on outsiders (creditors) is greater.

Referring to the description of the background above, the formulation of the research problem can be stated as follows :

1. Does the Current Ratio affect Return On Equity in Property Sub Sector companies listed on the Indonesia Stock Exchange?
2. Does Total Asset Turnover affect Return On Equity in Property Sub Sector companies listed on the Indonesia Stock Exchange?
3. Does the Debt to Equity Ratio affect Return On Equity in Property Sub Sector companies listed on the Indonesia Stock Exchange?
4. Does the Current Ratio, Total Asset Turnover, and Debt to Equity Ratio affect Return On Equity in Property Sub Sector companies listed on the Indonesia Stock Exchange?

1.2. Literature review

1.2.1. Theory Review

1. Current Ratio

Is a liquidity ratio that shows the company's ability to pay off short-term debt when billed by comparing current assets with current liabilities. The current ratio is used by companies to meet short-term obligations and to find out how far current assets cover current liabilities. The greater the value of current assets, the higher the company will cover short-term liabilities. . The following is the formula for measuring the size of the Current Ratio according to Wahyudiono (2014:78) :

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. Total Asset Turnover

Total Asset Turnover is an activity ratio that has the ability to measure the company's effectiveness in using the company's sales value in generating income from total assets by comparing net sales with total assets. The higher the value of Total Asset Turnover, the more effective and efficient the company is in increasing

sales. Conversely, if Total Asset Turnover is low, then the effectiveness of the company in using assets in the use of assets reduces the level of profit. So the company needs. The following is the formula for measuring the size of Total Asset Turnover according to Kasmir (2018:186) :

$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

3. Debt to Equity Ratio

The Debt to Equity Ratio is a solvency ratio for assessing debt and equity by comparing all current liabilities to total equity. This ratio is used to determine the amount of funds provided by the borrower to the owner of the company and serves to determine every rupiah of own capital used as collateral for debt. The higher the value of the Debt to Equity Ratio means the smaller the amount of assets financed by the owner of the company, conversely if the value of the Debt to Equity Ratio is greater, the greater the amount of assets financed by the owner of the company. The following is the formula for measuring the size of the Debt to Equity Ratio according to Kasmir (2018:158) :

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

4. Return On Equity

Return On Equity is a profitability ratio that shows how big the role of equity is in creating net income. The higher the Return On Equity, the higher the net profit obtained from each fund invested in equity and shows that the company manages its capital effectively, attracting investor interest and trust to invest. Therefore the amount of Return On Equity is strongly influenced by the size of the company's profit, the higher the profit earned by the company, the more it increases the Return On Equity. The following is the formula for measuring the size of Return On Equity according to Hery (2016:195).

$$\text{Return On Equity} = \frac{\text{Net Profit}}{\text{Equity}}$$

1.3. Conceptual Framework

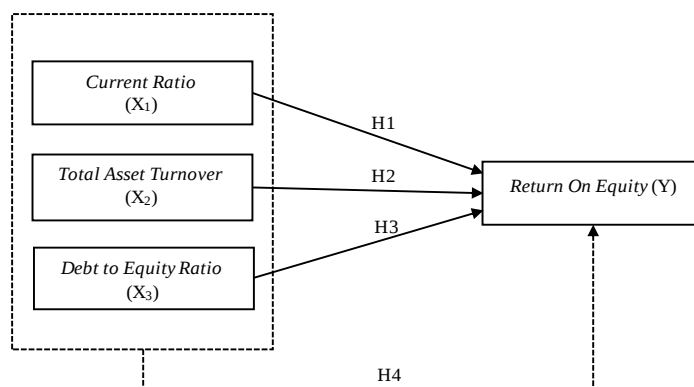


Figure 1. Conceptual Framework

Information :  Partial Test
 Simultaneous Test

1.4. Hypothesis Development

The following is an explanation of the temporary hypothesis in this study regarding the effect of each variable on Return On Equity:

H1: Current Ratio has a significant effect on Return On Equity

H2: Total Asset Turnover has a significant effect on Return On Equity

H3: Debt To Equity Ratio has a significant effect on Return On Equity.

H4: Current Ratio, Total Asset Turnover, Debt To Equity Ratio has a significant effect on Return On Equity.

2. Methodology

2.1. Type of Research

The approach in this study uses an associative approach. An associative approach is an approach that uses two or more variables to determine the relationship or influence between one variable and another. An

associative approach is taken to determine the relationship between the variables Current Ratio, Total Asset Turnover and Debt to Equity Ratio with Return On Equity either partially or simultaneously (Rachmasari et al., 2021). Based on the type of data, this research uses quantitative research because it refers to numbers and analysis by describing the condition of the company. This study uses secondary empirical data sources, where data is obtained by downloading financial report data on the official website of the Indonesia Stock Exchange (IDX).

2.2. Population and Sample

The population used in this study were all Property Sub Sector Companies listed on the Indonesia Stock Exchange, totaling 39 companies. The sample in this study used the Purposive Sampling method, namely selecting samples with certain criteria, so that 8 companies were obtained as samples with a research period of 4 years for annual financial reports, so that 32 research samples were obtained.

2.3. Data Analysis Method

The data analysis technique used in this study is the Classical Assumption Test, Multiple Linear Regression, Hypothesis Test (t test and F test) and the Coefficient of Determination with the help of a research data processing program, namely using SPSS version 26 software. The regression equation used is as follows :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information :

Y	= Return On Equity
β	= Regression coefficient
X^2	= Total Asset Turnover
X^3	= Debt to Equity Ratio
α	= Constant
X^1	= Current Ratio
e	= Standard error

3. Results and Discussion

3.1. Descriptive Statistical Test

Table 2. Descriptive Statistical Test Results

	N	Descriptive Statistics			
		Minimum	Maximum	Mean	Std. Deviation
CR	32	.89	7.14	2.3800	1.71750
TATO	32	.01	.31	.1800	.07304
DER	32	.10	3.68	1.0144	.81933
ROE	32	.00	.33	.0678	.06815
Valid N (listwise)	32				

Source: Results of SPSS 26 data processing

From the results of the descriptive statistical test in table 4.1 above, the conclusions that can be drawn are as follows :

1. Current Ratio (CR)

Based on the results of the Descriptive Statistics table above, it can be seen that the Current Ratio has a minimum value of 0.89 and a maximum value of 7.14 with a mean (average) value of 2.3800 and a standard deviation value of 1.71750. This shows that the standard deviation value is smaller than the mean (average) value, which means that the distribution of variable data is even.

2. Total Asset Turnover (TATO)

Based on the results of the Descriptive Statistics table above, it can be seen that Total Asset Turnover has a minimum value of 0.01 and a maximum value of 0.31 with a mean (average) value of 0.1800 and a standard deviation value of 0.07304. This shows that the standard deviation value is smaller than the mean (average) value, which means that the distribution of variable data is even.

3. Debt to Equity Ratio (DER)

Based on the results of the Descriptive Statistics table above, it can be seen that the Debt to Equity Ratio has a minimum value of 0.10 and a maximum value of 3.68 with a mean (average) value of 1.0144 and a standard deviation value of .81933. This shows that the standard deviation value is smaller than the mean (average) value, which means that the distribution of variable data is even.

4. Return On Equity (ROE)

Based on the results of the statistical table above, it can be seen that Return On Equity has a minimum value of 0.00 and a maximum value of 0.33 with a mean value of 0.0678 and a standard deviation value of 0.06815. This shows that the standard deviation value is greater than the mean (average) value, which means that the distribution of variable data is uneven, because the difference between one data and another is greater than the average value.

3.2. Classical Assumption Test

3.2.1. Normality Test

Table 3. Normality Test Kolmogorov Smirnov

One-Sample Kolmogorov-Smirnov Test		
N	Unstandardized Residual	
	32	
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.04898325
		.130
Most Extreme Differences	Absolute	.130
	Positive	-.095
	Negative	.130
		.185 ^c
Test Statistic		
Asymp. Sig. (2-tailed)		

Source: Results of SPSS 26 data processing

Based on the Kolmogorov-Smirnov Test (K-S) table above, it can be seen in Asymp. Sig. (2-tailed) shows a value of 0.185 which is greater than the significance level of 0.05 ($0.185 > 0.05$). So it can be concluded that the residual values are stated to be normally distributed so that the regression model meets the assumption of normality.

3.2.2. Autocorrelation Test

Table 4. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.695 ^a	.483	.428	.05154	1.764

a. Predictors: (Constant), DER, CR, TATO

b. Dependent Variable: ROE

Source: Results of SPSS 26 data processing

Based on the Autocorrelation Test table above, the Durbin Watson value is 1,764. Meanwhile, in the Durbin Watson table, the dU value is 1,650 and the 4-dU value is 2,350. The dU and 4-dU values were obtained from the distribution of Durbin Watson table values based on K (the dependent variable) of 3 independent variables and N (number of samples) totaling 32 with a significance of 5%. So it can be concluded that there is no autocorrelation in the regression model because the Durbin Watson value lies between -2 to 2.

3.2.3. Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.289	.097		2.987	.006
CR	-.023	.017	-.261	-1.403	.172
TATO	.129	.408	.061	.315	.755
DER	-.016	.036	-.088	-.459	.650

Source: Results of SPSS 26 data processing

Based on the results table of the Heteroscedasticity Test using the Glesjer method, each independent variable has a significant value of Current Ratio (X1) 0.172, Total Asset Turnover (X2) 0.755 and Debt to Equity Ratio (X3) 0.650, which means that the significance value is greater than 0.05 (> 0.05). So it can be concluded that in the regression model there is no variance inequality or there is no heteroscedasticity problem.

3.2.4. Multicollinearity Test

Table 6. Multicollinearity Test Results

Coefficients ^a			
	Model	Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CR	.959	1.043
	TATO	.873	1.145
	DER	.909	1.101

a. Dependent Variable: ROE

Source: Results of SPSS 26 data processing

Based on the multicollinearity test results table above, the Tolerance Current Ratio (X1) is 0.959, Total Asset Turnover (X2) is 0.873, and Debt to Equity Ratio (X3) is 0.909. As well as the value of VIF Current Ratio (X1) of 1.043, Total Asser Turnover (X2) of 1.145 and Debt to Equity Ratio (X3) of 1.101. This means that the Tolerance value is above 0.1 and the VIF value is below 10 (Tolerance > 0.1 and VIF < 10). So it can be concluded that there are no symptoms of multicollinearity between the independent variables.

3.3. Hypothesis Test

3.3.1. Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.020	.032	.606	.550
	CR	-.016	.006	-.392	.009
	TATO	.549	.136	.589	.000
	DER	-.013	.012	-.160	.271

a. Dependent Variable: ROE

Source: Results of SPSS 26 data processing

Based on the Multiple Linear Regression Test table above, the regression model between X and Y variables can be transformed into an equation model as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$\text{ROE} = 0.020 + (-0.016) \text{ CR} + 0.549 \text{ TATO} + (-0.013) \text{ DER} + e$$

Information :

Y	= Return On Equity	α	= Constant
β	= Regression coefficient	X^1	= Current Ratio
X^2	= Total Asset Turnover	e	= Standard error
X^3	= Debt to Equity Ratio		

Based on the Multiple Linear Regression equation above, it can be explained as follows:

1. Constant (α)

The constant value in the Multiple Linear Regression equation has a positive value of 0.020. This shows that all independent variables (Current Ratio, Total Asset Turnover, and Debt to Equity Ratio) are 0, so the value of Return On Equity is 0.020.

2. CR Regression Coefficient

The results of the multiple linear regression test show that the CR variable has a non-unidirectional or negative relationship that is equal to -0.016. This means that if the CR increases by one unit, the CR value will decrease by 0.016 assuming the independent variables are constant.

3. Regression Coefficient of TATO

The results of the multiple linear regression test showed that the TATO variable had a unidirectional or positive relationship that was equal to 0.549. This means that if the TATO increases by one unit, the TATO value will increase by 0.549 assuming the independent variables are constant.

4. DER Regression Coefficient

The results of the multiple linear regression test show that the DER variable has a non-unidirectional or negative relationship that is equal to -0.013. This means that if the DER increases by one unit, the DER value will decrease by 0.013 assuming the independent variables are constant.

3.3.2. Partial Test results (t test)

Tabel 8. Partial Test Results (t test)

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	.020	.032		.606	.550
1 CR	-.016	.006	-.392	-2.828	.009
TATO	.549	.136	.589	4.050	.000
DER	-.013	.012	-.160	-1.122	.271

a. Dependent Variable: ROE

Source: Results of SPSS 26 data processing

Formula table

$$\begin{aligned}
 t_{table} &= \left(\frac{\alpha}{2}, n - k - 1 \right) \\
 &= \left(\frac{0.05}{2}, 32 - 3 - 1 \right) \\
 &= (0.025, 28) \\
 &= 2.048
 \end{aligned}$$

Information :

α = significance level

n = Number of samples

k = variable number

Based on the results of the Partial Test table (t test) above, it shows the effect of each independent variable (Current Ratio, Total Asset Turnover, and Debt to Equity Ratio) on the dependent variable (Return On Equity). So that the results can be explained as follows:

1. Current Ratio (H1)

Based on the table of Partial Test results (t test) shows a significance Current Ratio of 0.009. The significance value is smaller than the significance level α which is equal to $0.009 < 0.05$ and the tcount is greater than ttable – $2.828 > 2.048$ so that H1 is accepted. So it can be concluded that partially Current Ratio has a significant negative effect on Return On Equity.

2. Total Asset Turnover (H2)

Based on the table of Partial Test results (t test) shows a significance value of Total Asset Turnover of 0.000. The significance value is smaller than the α significance level, which is $0.000 < 0.05$ and the tcount is greater than ttable $4.050 > 2.048$ so that H2 is accepted. So it can be concluded that partially Total Asset Turnover has a significant positive effect on Return On Equity.

3. Debt to Equity Ratio (H3)

The results of the Partial Test (t test) show the significance value of the Debt to Equity Ratio variable of 0.271. The significance value is greater than the significance level α which is equal to $0.271 > 0.05$ and the tcount is smaller than ttable $-1.122 < 2.048$ so H3 is rejected. So it can be concluded that partially the Debt to Equity Ratio has no significant effect on Return On Equity.

3.3.3. Model Fit Test (Test F)

Table 9. Model Fit Test Results (Test F)

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.070	3	.023	8.733	.000 ^b
	Residual	.074	28	.003		
	Total	.144	31			

a. Dependent Variable: ROE

b. Predictors: (Constant), DER, CR, TATO

Source: Results of SPSS 26 data processing

Formula F tabel :

$$\begin{aligned}
 F_{\text{tabel}} &= (k, n - k) \\
 &= (3, 32 - 3) \\
 &= (3, 28) \\
 &= 2.048
 \end{aligned}$$

Information :

n = number of samples

k = variabel number

Based on the results table of the Fit Model Test (F) shows the significance of the independent variable of 0.000. the significance value is smaller than the significance level α which is equal to 0.000 < 0.05 and the Fcount value is greater than the Ftable value of 8.733 > 2.930. So it can be concluded that the variables Current Ratio, Total Asset Turnover and Debt to Equity Ratio simultaneously affect the Return On Equity variable.

3.3.4. Test for the Coefficient of Determination (R2)

Table 10. Test results for the Coefficient of Determination (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 ^a	.483	.428	.05154

a. Predictors: (Constant), DER, CR, TATO

Source: Results of SPSS 26 data processing

Based on the Coefficient of Determination Test table (R2) shows the Adjusted R Square value of 0.428. So it shows that the independent variables (Current Ratio, Total Asset Turnover, and Debt to Equity Ratio) affect the dependent variable (Return On Equity) by 42.8% while the remaining c is not examined.

3.4. Discussion

3.4.1. Effect of Current Ratio on Return On Equity

The results of partial hypothesis testing Current Ratio shows a coefficient value of -0.016 and a significance value of 0.009 < 0.05. Then it can be concluded that H1 is accepted H0 is rejected. This means that the contribution of the Current Ratio to Return On Equity is very low even though the influence is significant but has a negative direction. So it can be concluded that the increase in Current Ratio is not followed by an increase in Return On Equity.

The negative effect shows that the company has not been able to meet short-term obligations which can be at risk of company failure. If short-term liabilities are greater than current assets, the company is in an illiquid condition, which means that the company does not have the ability to pay its short-term obligations. The higher the Current Ratio is not necessarily in a good position, because it has a negative effect on the company's ability to earn profits. This shows the large number of idle funds which in turn weakens the company's performance. However, the lower Current Ratio also has an unfavorable influence on profitability, thus impacting the rate of return on own capital and shareholders.

3.4.2. Effect of Total Asset Turnover on Return On Equity

The partial results of hypothesis testing on Total Asset Turnover show a coefficient value of 0.549 and a significance value of 0.000 < 0.05. Then it can be concluded that H2 is accepted H0 is rejected. This means that the contribution of Total Asset Turnover to Return On Equity is very high so that the effect is significant

because it has a positive direction. So it can be concluded that the increase in Total Asset Turnover is followed by an increase in Return On Equity.

Positive influence shows the company is able to manage its resources to support the company's operational activities. By increasing assets, companies can increase sales volume by using all assets owned so that assets can rotate efficiently. Therefore the company has sufficient assets and capital to support the company's operational activities in generating profits. The higher Total Asset Turnover indicates the more efficient use of overall assets in generating sales. Conversely, the lower Total Asset Turnover, the effectiveness of the company in the use of assets can reduce the level of profit.

3.4.3. Effect of Debt to Equity Ratio on Return On Equity

The results of hypothesis testing partially influence the Debt to Equity Ratio shows a coefficient value of -0.013 and a significance value of $0.271 > 0.05$. So it can be concluded that H3 is rejected and H0 is accepted. This means that the contribution of the influence of the Debt to Equity Ratio on Return On Equity is very low so that the effect is not significant because it has a negative direction. So it can be concluded that the increase in Debt to Equity Ratio is not followed by an increase in Return On Equity.

The negative effect shows that the amount of debt is greater than the capital owned by the company. Debt arises because the company is unable to cover its own capital, so the choice to seek capital is by borrowing from outsiders (creditors). The higher the Debt to Equity Ratio indicates the greater the amount of debt compared to the net capital owned by the company. If the company fails to manage debt optimally, it will have a negative impact on the company's financial performance. Conversely, a lower Debt to Equity Ratio indicates that the company's debt is smaller than all assets owned and indicates that the company is in an unfavorable condition (bankrupt) but the company can still pay off all debts.

3.4.4. Effect of Current Ratio, Total Asset Turnover, and Debt to Equity Ratio on Return On Equity

From the results of the ANOVA (Analysis Of Variance) test it shows a significance value of $0.000 < 0.05$ so that H4 is accepted and H0 is rejected. This means that simultaneously Current Ratio, Total Asset Turnover and Debt to Equity have a positive and significant effect on Return On Equity in Property Sub Sector companies listed on the Indonesia Stock Exchange.

4. Conclusions and Suggestion

4.1. Conclusion

Based on the results of the research and discussion described in chapter IV, it can be concluded from this study as follows:

1. The first hypothesis states that the Current Ratio has a significant effect on Return On Equity in Property Sub Sector companies with a significance value of $0.009 < 0.05$. So it can be concluded that H1 is accepted and H0 is rejected. This means that the Current Ratio has a significant effect on Return On Equity. So that the Current Ratio which is managed effectively and efficiently is able to meet short-term obligations.
2. The second hypothesis states that Total Asset Turnover has a significant effect on Return On Equity in Property Sub Sector companies with a significance value of $0.000 < 0.05$. So it can be concluded that H2 is accepted and H0 is rejected. This means that Total Asset Turnover has a significant effect on Return On Equity. So that Total Asset Turnover which is managed effectively and efficiently can increase sales volume to generate income.
3. The third hypothesis states that the Debt to Equity Ratio has a significant effect on Return On Equity in Property Sub Sector companies with a significance value of $0.271 > 0.05$. So it can be concluded that H3 is rejected and H0 is accepted. This means that the Debt to Equity Ratio has no significant negative effect on Return On Equity. So that the Debt to Equity Ratio which is not managed effectively and efficiently is unable to cover its own capital because the amount of debt is greater.
4. The third hypothesis states that the Current Ratio, Total Asset Turnover, and Debt to Equity Ratio have a significant effect on Return On Equity in Property Sub Sector companies with a significance value of $0.000 < 0.05$. So it can be concluded that H4 is accepted and H0 is rejected. This means that the Current Ratio, Total Asset Turnover, and Debt to Equity Ratio have a significant effect on Return On Equity. So that the Current Ratio, Total Asset Turnover, and Debt to Equity Ratio which are managed effectively and efficiently are able to generate profits through all of their assets.

4.2. Suggestion

Based on the research conclusions above, in this study the authors can suggest the following:

1. It is better to increase current assets so that they can meet short-term obligations when they fall due. Companies can monitor the relationship between current assets and short-term liabilities so that operational activities run effectively and efficiently to generate profits.
2. Should be able to increase production and sales capacity so that Total Asset Turnover can be maintained. With a high level of sales, companies can earn profits and reduce debt from outsiders.
3. It is better to increase the capital structure so that it can reduce the Debt to Equity Ratio so that debt does not increase. The use of a large enough debt can pose a risk of reducing capital because the obligation to pay off debt is greater and makes the company less effective in managing the company's financial performance.
4. For future researchers, it is expected to use a longer research period so as to obtain maximum results and add variables that are more influential on Return On Equity.

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